

MINNESOTA

FRANCHISE DISCLOSURE DOCUMENT



INFORMATION FOR
PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION

LEADERSHIP MANAGEMENT, INC.

A Texas Corporation
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The franchise will market programs, courses and tapes in the general fields of knowledge, education and communications, with special emphasis on leadership, supervisory and executive development.

The total investment necessary to begin operation of an LMI Franchise is \$20,000 - \$27,500. This includes the \$15,000 for the initial franchise fee that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at 14 calendar days before you sign a binding agreement with, or make any payments to, the franchisor or an affiliate in connection with the proposed 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 Staci Dalton @ 254/776-2060 or SDalton@lmi-usa.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)" which can help you understand how to use this disclosure

document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

DATE OF ISSUANCE: March 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 outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Attachment C. |
| How much will I need to invest? | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| Does the franchisor have the financial ability to provide support to my business? | Item 21 or Exhibit A includes financial statements. Review these statements carefully. |
| Is the franchise system stable, growing, or shrinking? | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| Will my business be the only LMI 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 is it like to be an LMI franchisee? | Item 20 or Attachment C lists current and former franchisees. You can contact them to ask about their experiences. |
| What else should I know? | These questions are only a few things you should look for. Review all 23 Items and all Exhibits and Attachments in this disclosure document to better understand this franchise opportunity. See the table of contents. |

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out of State Dispute Resolution.** The franchise agreement requires that it be governed by and construed in accordance with the laws of the state of Texas and that venue shall be in Texas, for any disputes which may arise between you and LMI. This may be favorable or unfavorable to you. Even though the franchise agreement provides that "home state" law applies, local law may supersede it in your state. Please refer to any state-specific addendum that may be attached to the offering circular for details.
2. **Out of State Arbitration.** The franchise agreement requires that all disagreements be settled by arbitration at a site that is mutually agreed upon by both parties. Out of state arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate within a state other than in your home state.
3. **Supplier Control:** "You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business."

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

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Item 1: THE COMPANY AND ANY PARENTS, ITS PREDECESSORS AND AFFILIATES

To simplify the language of this disclosure document, "LMI" means Leadership Management, Inc., the Franchisor and is also referred to as "we", "us" or "our". "You" means the person who buys the franchise. LMI is a Texas corporation which was incorporated on March 17, 1979. Our principal business office is located at 4567 Lake Shore Drive, Waco, Texas 76710. The telephone number is 254/776-2060. Email info@lmi-usa.com.

LMI operated as a subsidiary of SMI/USA, Inc. from 1966 through 1992. On December 31, 1992, due to a reorganization of SMI/USA, Inc., the capital stock of LMI was distributed to the shareholders of SMI/USA. On January 1, 1993, all common stock of LMI was transferred to a trust. Since that time, we have operated as a separate, independent corporation. On July 15, 1999 the Company (LMI) changed its name to Leadership Management International USA, Inc. On July 21, 2000, LMI changed its name back to Leadership Management, Inc. Other, than as mentioned above, the Company has no predecessors. The Company does not have any affiliates.

The Company has been granted the rights, by way of a twenty-five year License Agreement with the Meyer Resource Group dated April 1, 1995, to use, market, and sell all of the products and services now offered by LMI, by way of its Franchisees, together with all trademarks, copyrights, and other proprietary information used by LMI. See Item 13 for further details concerning the above. The Company previously operated under a similar License Agreement with SM, Inc., which agreement was assigned to The Meyer Resource Group.

In April of 2020, The Meyer Resource Group transferred ownership of all trademarks, copyrights and other proprietary property over to Leadership Management International, Inc. and Success Motivation International, Inc.

During 2002, the Company completed a sub-license and asset purchase agreement with Teleometrics International, Inc., a Texas Corporation, whereby the Company was granted the exclusive license to publish, distribute, translate, sub-license, and sell Teleometrics' products. These products relate to time and personal management programs, seminars, and related products. These products and services are available to all LMI Franchisees as a part of their supplementary product line.

LMI franchises the right to sell and service executive, management and leadership development programs and assessments to individuals and corporate clients. You will purchase the products from LMI for resale to the public. You are responsible for the ongoing training and service of these clients as they progress through the programs. Your competition includes other companies in the management/leadership training field which may serve clients with products and services similar to those offered by you. Competition ranges from fairly large and sophisticated companies to small individual consultants. These

programs have been sold to both individuals and corporations by other LMI franchisees for over 30 years.

LMI's agent for service of process is disclosed in Attachment B.

LMI does not own or operate any franchises or company-owned and operated outlets; nor do we do business under any other name. LMI has offered this type of franchise for over 30 years. LMI does not offer any other type of franchise in any other line of business.

LMI franchises the right to sell 12 programs and related products in the general fields of knowledge, education, and communication. Our primary function is strategic development and organizational planning. We have development programs in the following areas: leadership, management, organization, productivity, sales, and communications. In addition, we use assessment tools and management module training workshops. These programs are sold to you at wholesale and you can market the courses at retail to the public. You may operate throughout the contiguous United States.

There are not any regulations specific to the industry in which the franchise business operates.

Item 2: BUSINESS EXPERIENCE

Chairman of the Board, CEO and President: Randy Slechta. Randy Slechta was appointed Chairman of the Board of Leadership Management, Inc. during May 2014. He has served as CEO and President of LMI for more than five years and continues in that role. Mr. Slechta is also the CEO and President of Leadership Management International, Inc. and has been so for more than five years.

CFO and Assistant Secretary: Deborah K. Hansen. During January 1989, Mrs. Hansen was appointed CFO of The Rutherford Group, Inc., Waco, Texas, a holding company. During December 1989, Ms. Hansen was also appointed Controller of The Rutherford Group, Inc. and continues to serve in both positions. Mrs. Hansen was appointed as Controller and Assistant Secretary of LMI during June 1993. During March 1998, Mrs. Hansen was appointed as CFO of LMI.

Vice-President of Administration and Operations: Staci Dalton. Staci Dalton is a native of Texas. She joined LMI in 1992 and has been part of the marketing team. Beginning in May 2002 she was appointed Director of Marketing and Training Services. During 2004, she was elected as Vice-President of Administration and Operations.

Director of Development: Paul J. (Tony) Stigliano: Mr. Stigliano served as Vice President of Development from August 1, 1985, to January 2009. Tony has extensive marketing, sales, and training experience. He currently serves in the Development Department of LMI.

Secretary: Morgan Schutter. Morgan Schutter joined LMI in July 2022 as an Executive Assistant. She was elected Secretary of Leadership Management, Inc., effective February 1, 2024, and continues in that role. Prior to joining LMI, she was employed by Leander Independent School District as a teacher from July 2019 until July 2022.

Item 3: LITIGATION

No litigation is required to be disclosed in this item.

Item 4: BANKRUPTCY

No person previously identified in Item 1 and 2 of this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this item.

Item 5: INITIAL FRANCHISE FEE

You must pay Company an initial franchisee fee of \$15,000 for the right to establish a Franchise. You may pay the fee in full (lump sum) when you sign the Franchise Agreement or make a minimum partial payment of \$5,000 when you sign the Franchise Agreement and execute a promissory note for the balance of \$10,000 to be paid over three (3) years (see Item 10 of this disclosure document). The initial franchise fee shall be deemed fully earned and nonrefundable in consideration for the assistance and services provided by the Franchisor prior to the start of the business, and for its cost or deferred opportunity to grant such franchise to any other party. With the exception that we will return \$1,000 to you if you do not complete the initial training and we therefore would not be able to allow the Franchise to open for business. Your request for such a refund must be submitted to the Company, by certified mail, within one hundred eighty (180) days after the Franchise Agreement is fully executed. The refund will be mailed to the Franchisee within thirty (30) days of our receipt of a release of franchise rights and termination of the franchise agreement signed by the Franchisee. The fee is the same for all Franchisees under this offering. These fees are used by the Company to defray our costs for recruiting new franchisees.

Initial Training Fee: We do not charge a training fee for the training of the Franchisee or his/her sales personnel. At your request, and subject to space availability, the Company will provide training to additional members of your personnel.

Item 6: OTHER FEES

| Name of Fee (1) | Amounts | Due Date | Remarks |
|-------------------------------------|-------------------------------------|--|--|
| Transfer (2) | \$5,000 | Prior to the time of transfer | Payable when you sell your franchise |
| Renewal (2) | \$1,500 | 5 years from the 1st day of the month following execution of the Agreement | Renewable for consecutive five year terms if there has been no violation of the Agreement. |
| Royalties (3) | 6%; Not to exceed \$10,000 per year | 15 th day of each month, on revenues received during the previous month | Payable to us by authorized draft drawn on your designated bank account |
| Registration Fees (4) | \$50 to \$500 per person | Prior to the seminar | You and/or member of your organization can attend. |
| Travel Expense Relating to Training | \$500 to \$1,500 estimate | At the time you attend training in Waco, Texas | You are responsible for your own travel expense. |

- (1) All these fees are uniformly imposed, Non-Refundable Fees. All fees imposed by and payable to us are non-refundable, except as set forth in Item 5 of this UFDD.
- (2) Prior to the transfer of a franchise, you as the transferor or the transferee must pay a \$5,000 transfer fee to LMI. There is no fee if you transfer to a family member or to a corporation which you control.
- (3) Royalties – Your royalty fee is based on your sales to customers, less the cost of any LMI Product delivered in connection with the sale, the net difference being computed at 6% for royalty purposes; however, this royalty is capped so as to be limited to a maximum of \$10,000 per calendar year. See Section 4 of the Franchise Agreement.
- (4) LMI holds special meetings several times a year. There usually is a nominal registration fee for attendees at these meetings.

Item 7: INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

| Description | Minimum Amount | Maximum Amount | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|-------------------------------|-------------------------------|------------------------------------|-------------------------|--------------------------------------|
| INITIAL FRANCHISEE FEE (1) | \$15,000 | \$15,000 | Lump Sum or Finance See Item 10 | At signing of Agreement | LMI |
| MARKETING and BUSINESS SYSTEM MANUALS, ETC. | Included in the franchise fee | Included in the franchise fee | Included in the franchise fee | | |
| TRAVEL EXPENSES (2) | \$1,000 | \$2,000 | As Incurred | As Incurred | INDEPENDENT VENDORS |
| REAL ESTATE AND IMPROVEMENTS (3) | \$0 | \$0 | N/A | | |
| MISCELLANEOUS OPENING COSTS (4) | \$1,000 | \$1,500 | As Incurred | As Incurred | INDEPENDENT VENDORS |
| ADDITIONAL FUNDS (5) (to cover working capital needs for a start up period of 1 to 3 months) | \$3,000 | \$9,000 | As Incurred | As Incurred | INDEPENDENT VENDORS |
| TOTALS (6) | \$20,000 | \$27,500 | | | |

NOTES:

1. You may pay an initial franchise fee of \$15,000 when you sign a Franchise Agreement or pay a minimum partial payment of \$5,000 when you sign the Franchise Agreement and finance \$10,000 (see Item 10). The initial franchise fee is nonrefundable under the terms of the Franchise Agreement, with the exception that we will return \$1,000 to you if you do not complete the initial training and we therefore would not be able to allow the Franchise to open for business. Your request for such a refund must be submitted to the Company, by certified mail, within one hundred eighty (180) days after the Franchise Agreement is fully executed. The refund will be mailed to the Franchisee within thirty (30) days of our receipt of a release of franchise rights and termination of the franchise agreement signed by the Franchisee.
2. This estimates the Travel Expense for the Training Session.
3. LMI does not require that you purchase, rent or lease office space, equipment, furniture, fixtures, etc.

4. Miscellaneous opening costs may include utility deposits, incorporation fees, advertising costs, etc., which are relative to the start up of your business.
5. We recommend that you begin with initial working capital of approximately \$3,000 to \$9,000 to provide for operating cash and miscellaneous costs during the first three months after starting your new business. Some vendors and tradesmen require payment of fees and deposits prior to providing services, such as sales tax deposits, business license fees, advertising costs, utility deposits, etc. A franchisee who already has an ongoing business may require only nominal additional initial working capital (approximately \$2,000). The Franchisor has relied on its 30 years of experience to make this estimate. Your actual costs will depend upon many factors such as your management skill, experience and business acumen, the local market for our product, etc.
6. This total is an estimate.

Item 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We will furnish you with a current product price list at wholesale cost. You are responsible for setting the retail price for products and services that you serve.

This section of the contract also provides that you will not purchase any of LMI's products from any person or entity other than LMI, any predecessor or successor of LMI or any entity which is or was wholly owned by LMI, without the express written consent of LMI. You also agree that you will not sell any other product or related services other than those marketed by us without the express written consent of LMI. These provisions were added to the contract in order to enable us to maintain quality control of its products and services. We are the only approved supplier for all products. We do not have any purchase arrangements with any suppliers.

You agree to comply with all the Company's standards and specifications relating to the products used or sold at the Business.

The Company does not place any restrictions on Franchisee's managers.

You agree to sell or offer for sale products and services, in the manner and style required by us. You agree not to deviate from the standards and specifications without first obtaining written consent from LMI. We shall have the right to change products and services offered by Franchisee at any time, and there are no limits on our right to make those changes.

You must use the Company's website. Franchisee may not use individual website to direct sell any product or related products of LMI.

We do not require any purchases or leases from any persons affiliated with LMI. You are not required to purchase any type of computer system or computer service.

Revenues for LMI consist of sale of products to its franchisees (which provides the major portion of our total revenues) and sale of franchises. An analysis of the amounts and percentage of such revenues for the past three fiscal years is presented in the chart:

| AMOUNT | 12/31/22 Audited | 12/31/23 Audited | 12/31/24 Audited |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|
| Sale of products | \$650,462 | \$624,500 | \$691,078 |
| Franchise Revenue | \$80,297 | \$81,620 | \$87,178 |
| TOTAL REVENUES | \$730,759 | \$706,120 | \$778,256 |
| PERCENT | | | |
| Sale of products | 89% | 88% | 89% |
| Franchise Revenue | 11% | 12% | 11% |
| TOTAL REVENUES | 100% | 100% | 100% |

It is estimated that 100% of the franchisee’s purchases of courses and related products are required to be from the Company. There are no leases.

Item 9: FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Agreement | Item in Disclosure Document |
|--|----------------------|-----------------------------|
| a. Site selection and acquisition / lease | None | None |
| b. Pre-Opening purchases/ leases | None | None |
| c. Site Development and other pre-opening requirements | None | None |
| d. Initial and ongoing training | 6,11 | 11 |
| e. Opening | None | None |
| f. Fees | 3,4,6,13,14 | 5,6,7 |
| g. Compliance with standards and policies/ Manuals | 5 | 14 |
| h. Trademarks and proprietary information | 10 | 13,14 |

| Obligation | Section in Agreement | Item in Disclosure Document |
|--|----------------------|-----------------------------|
| i. Restrictions on products/ services offered | 5 | 8,16 |
| j. Warranty and customer service requirements | None | None |
| k. Territorial development and sales quotas | None | None |
| l. Ongoing product/service purchases | 5 | 8 |
| m. Maintenance, appearance and remodeling requirements | None | None |
| n. Insurance | None | None |
| o. Advertising | 12 | |
| p. Indemnification | None | None |
| q. Owner's participation / management/ staffing | 5/8 | 15 |
| r. Records/reports | 4 | 6 |
| s. Inspections/audits | 4 | |
| t. Transfer | 13 | 6,7,17 |
| u. Renewal | 2 | 6,17 |
| v. Post-termination obligations | 13,14 | 17 |
| w. Non-Competition covenants | 7 | 17 |
| x. Dispute resolution | 15 | 17 |
| y. Royalties | 4 | 6 |
| z. Training | 6 | 11 |

[Remainder of this page left blank intentionally]

ITEM 10: FINANCING

LMI does offer direct financing. We do not guarantee your note, lease or other obligations.

Summary of Financing Offered

| Item Financed | Source of Financing | Down Payment | Amount Financed | Term | Interest Rate | Monthly Payment | Prepay Penalty | Security Required | Liability Upon Default | Loss of Legal Right on Default |
|------------------------------|---------------------|--------------|-----------------|---------|---------------|-----------------|----------------|---------------------|------------------------|--------------------------------|
| Initial Fee | Franchisor | 5,000 | \$10,000 | 36 mos. | 0% | \$278 | None | Franchise Agreement | Loss of Franchise | Franchise Agreement Terminated |
| Product Purchases Inventory | | | None | | | | | | | |
| Sale of Product to Customers | | | None | | | | | | | |
| Equipment | | | None | | | | | | | |

Note:

Financing is available for the franchise prospect by LMI, dependent upon the availability of funds for such financing, as well as the credit rating of the prospective Franchisee. LMI will finance up to \$10,000 at 0% interest, with monthly payments up to 36 months. In order to obtain financing, the prospective Franchisee must execute a promissory note in favor of LMI. A copy of the Promissory Note is attached. See attachment Exhibit B-5.

In order to secure your obligations under the Promissory Note, you must also execute a Security Agreement and assign your Franchise Agreement to LMI as collateral.

If you decide to finance your franchise, the monthly payments would be \$278.00 for 36 months.

The note may be prepaid without penalty at any time. If you fail to make timely note payments, LMI can call the note and demand immediate payment of the full outstanding balance and obtain attorney’s fees if a collection action is necessary. You waive your rights to protest under the note.

Except as outlined above, there are no other terms or any other financing arrangements offered directly or indirectly by LMI. LMI has no past or present practice of selling, assigning or discounting to any other third-party notes, contracts, or other obligations of the Franchise; however, the Company may do so in the future.

LMI sells all franchises on a cash basis, except as indicated above. LMI believes other financing from commercial or other lending institutions may be available to qualified prospective Franchisees.

Item 11: COMPANY'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, LMI need not provide any assistance to you.

- A. Before you begin your business, LMI will ship your sales aids and sales training materials (Exhibit B-1 to the Agreement). There are no other pre-opening requirements other than training described in Item 11; there are no other pre-opening obligations for you by LMI.
- B. After you begin your business, and during the operation of your business, LMI will provide assistance in the following manner:
1. A business start-up package, which will include (see Exhibit B-1): One each of the following programs - Effective Personal Productivity (EPP) and Effective Sales Strategies (ESS).
 1. Provide initial training during the first 90 days and continuing training thereafter. (See Section VI of the Franchise Agreement).
 2. Answer questions and assist with problem solving.
 3. Conduct conferences to teach you and your sales associates the LMI Business Success System.
 4. Conduct special seminars to emphasize strategic marketing and management methods.
 5. Send you updated training information, products, services, motivational articles, announcements, and meetings via mail or email, etc., or conference calls.

There is no advertising program. There is no advertising fund.

See Section VI of the Franchise Agreement for Franchisor's Obligations.

- C. LMI is not obligated to provide any services in the following areas:
1. Hiring and training of employees
 2. Pricing
 3. Administrative, bookkeeping, accounting, and inventory control procedures
 4. Advertising: The Franchisor does not have any advertising programs in which the Franchisee must participate in. The Franchisee may use his/her own advertising material; however, all advertising must be approved by LMI.

- D. LMI does not require the use of a computer or computer-related systems; nor do we require the use of any cash register system.
- E. LMI does not select the site or approve a specific area within which you locate your business other than your area must be in the contiguous United States.
- F. LMI provides Operational Manuals which are available for you to review while you are at the orientation session prior to your decision to become a franchisee.
- G. LMI must receive your signed agreement and payment for the franchise before you are allowed to begin in the business. The nature of the product, orientation training, and time involved for administrative procedures will give you enough time to finish the preliminary work so that you can start your business in less than a month.
- H. THE TRAINING PROGRAM OF THE FRANCHISOR AS OF THE FRANCHISOR'S LAST FISCAL YEAR END OR A MORE RECENT DATE INCLUDING:

1. THE GENERAL OUTLINE OF THE TRAINING PROGRAM:

- a. Receive start up materials and review LMI Business Success System with LMI coordinator.
- b. Will go through an Effective Personal Productivity (EPP) program with LMI home office.
- c. Will visit headquarters in Waco, TX for one day business planning process with LMI home office.
- d. Will go through sales training and LMI Business Success System sales presentation with LMI home office.
- e. Will develop marketing plan and strategy for local area with LMI home office.
- f. Continued training as made available.

2. OUR INSTRUCTORS HAVE THE FOLLOWING EXPERIENCE:

The experience of the instructors ranges from a minimum of five (5) years experience with the franchisor to a maximum of over twenty (20) years experience. The President, Vice Presidents, and our Development Director are involved in the training of LMI Franchisees. (See the attachment: LMI Training Instructors).

3. CHARGES TO BE MADE TO THE FRANCHISEE AND WHO MUST PAY TRAVEL AND LIVING EXPENSES OF THE ENROLLEES IN THE TRAINING PROGRAM:

A minimum registration fee is required for additional training, such as Regional Meetings and the LMI National Convention. Also, Franchisees pay their own travel and living expenses to the meeting.

4. THE TRAINING PROGRAM IS MANDATORY. All the franchisees that were appointed during 2024 attended the training program.

5. Additional training programs and/or refresher courses are not required. However, special seminars to emphasize marketing and management methods are held from time to time. Franchisees are not required to attend. There is no fee.

TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---------------------------------|------------------------------------|---------------------------------------|---|
| LMI Business Success System | 3 | One per month (Six months minimum) | LMI Home Office initially followed up with weekly teleconferences |
| Business Planning | 2 | One per month (Six months minimum) | LMI Home Office initially followed up with weekly teleconferences |
| Sales | 1 | One per month (Six months minimum) | LMI Home Office initially followed up with weekly teleconferences |
| Marketing Plan Strategy | 1 | One per month (Six months minimum) | LMI Home Office initially followed up with weekly teleconferences |
| Effective Personal Productivity | | Two per week (8 weeks) | Web Seminar |
| Sales Marketing | | One per month | Teleconference |

Note A: Initial training for new franchise partners is held one-on-one with the new franchisee at the LMI Home Office in Waco, TX, within thirty (30) days of full execution of the franchise agreement. Follow-up training continues for a minimum of 180 days with individual, weekly calls, as well as monthly group teleconferences.

Note B: No additional training programs and/or refresher courses are required. However, LMI encourages all Franchisees to attend the additional training opportunities offered during the year.

LMI TRAINING

INSTRUCTORS

Randy Slechta, Chairman of the Board, CEO and President. Randy Slechta was appointed Chairman of the Board of Leadership Management, Inc. during May 2014. He has served as CEO and President of LMI for more than five years and continues in that role. Mr. Slechta is also the CEO and President of Leadership Management International, Inc. and has been so for more than five years.

Paul J. (Tony) Stigliano, Director of Development has served as a marketing and sales executive with LMI since 1982. He has been the number one recruiter for the Company for the past 15 years. He has extensive marketing, sales and training experience. He is a highly respected business leader.

Staci Dalton, Vice-President of Administration and Operations, is a native of Texas. She joined LMI in 1992 and has been a part of the marketing team. Beginning in May 2002 she was appointed Director of Marketing and Training Services. During 2004, she was elected as Vice-President of Administration and Operations.

ITEM 12: TERRITORY

You will not receive exclusive territory. This Franchise may be operated from any location; it is not site specific. LMI may establish other franchises that may compete with you. LMI has not established, nor does it presently intend to establish any company-owned outlets using LMI's trade name or trademarks. Neither has LMI established, nor does it presently intend to establish, other franchises or company-owned outlets selling or leasing similar products or services under a different trade name or trademark.

ITEM 13: TRADEMARKS

All trademarks, service marks, trade name, logotypes and commercial symbols discussed in this disclosure document ("Proprietary Marks") were developed and are owned by LMI or SMI. LMI and SMI since their respective inception continued the practice of registering and renewing all trademarks, logotypes, or other symbols and will continue this practice. These marks have been duly registered with the United States Patent and Trademark Office and its counterparts in some international markets.

At present, Leadership Management International, Inc., owns 38 registered marks that are available for any franchise to use. None of the marks have been registered in any individual state. A list of the Proprietary Marks is included herein as Attachment E.

The Franchise Agreement specifically limits the use of the Proprietary Marks to the promotion and sale of LMI's products in the continental United States and as affixed to LMI's products. You may use the marks as a part of the name under which your franchise will be operated; except that you may include the marks on letterhead or stationery, provided that you also include the notation that you are an LMI Franchisee.

Proprietary Marks may be used in your business listing. In the event of termination of your Franchise Agreement, you must immediately cease to make use of the marks except as they are already affixed to LMI's products by LMI.

Careful study should be made of Paragraph 10 of the Franchise Agreement for a full understanding of the restrictions of your use of LMI's Proprietary Marks and the use of other trademarks, trade names and commercial symbols.

LMI and SM, Inc. claim common law rights arising from the exclusive use, protection and enforcement of the names, marks and symbols listed in Attachment E from the date of their first use. As discussed above, LMI derives the right to use and further license the Proprietary Marks from the License Agreement. Pursuant to the License Agreement, LMI is obligated to cause you to maintain high quality services offered under the Proprietary Marks. So long as the License Agreement is in effect, and LMI continues to offer franchises, it is entitled to license the marks to all new Franchisees. In the event of termination of the License Agreement, you will be entitled to continue the use of the Proprietary Marks in your franchise business until termination of your Franchise Agreement.

Neither LMI nor SM, Inc. has experienced any opposition, cancellation proceeding or other interruption of its trademarks, nor is there any such action pending in the state in which your franchise business is to be located. There has not been any pending (or otherwise) material litigation or any determination of the Patent Office that would involve proprietary marks that are material to the franchise. Other than restrictions with respect to maintaining the integrity of the Proprietary Marks, there are no agreements currently in effect which significantly limit the rights of LMI to license the use of such trademarks, service marks, trade names, logotypes, or other commercial symbols in any manner material to you. There are no agreements nor will there ever be any agreements limiting the rights of LMI's use of these trademarks; therefore, your rights to use the trademarks would not be limited, restricted, or cancelled.

There is no federal or state litigation regarding the Franchisor's use or ownership rights of any of its trademarks. There are no agreements which affect in any manner or limit the rights of the Franchisor to the use or license of its trademarks.

Paragraph X of the Franchise Agreement asserts ownership of these trademarks, although the Franchise Agreement does not obligate LMI to protect your rights to the use of these trademarks, LMI agrees to protect your rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you, as a franchisee, from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. As written, your limited use of the trademark requires a notation that this mark is registered in the United States Patent and Trademark Office by SM, Inc. Therefore, any claims of infringement or unfair competition with respect to the trademark rightfully should be directed toward LMI or SM, Inc. and not toward you.

Many of the principal registered trademarks of SM, Inc. have reached the 7-year limit and Certificates of Continued Usage have been filed with the Patent and Trademark Office and are still in full force and effect.

To LMI's knowledge, there are no infringing uses of such trademarks which could materially affect the use of the marks by you, either in this state or in any other state.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

LMI owns no patents; however, all of the products which are sold or offered for sale to you are copyrighted by legend © works of Mr. Paul J. Meyer or Success Motivation, Inc. The copyright owners have granted license agreements to LMI to distribute such products.

All the products marketed by LMI have been published with a claim to copyright by legend. In addition, all other printed material of substance has been similarly copyrighted and the performance rights of recordings have also been preserved.

In Paragraph 10 of the Franchise Agreement, you will agree that the Proprietary Marks and copyrights are owned by LMI and that you have no right to reproduce, copy or imitate nor to aid or abet any parties in such action which would infringe upon the right of LMI by reproducing, copying, or imitating any portion or part of LMI's products. No copyrights have reached their first renewal date.

None of the copyrighted materials found in this disclosure document are registered in the Copyright Office of any state. Neither LMI nor any copyright owner has experienced any interference, opposition, or cancellation proceedings of it copyrights, nor is there any pending litigation involving these copyrights which is relevant to their use in this state. LMI knows of no infringement of its copyrighted material which could materially affect your business in this or any state.

In addition to the copyrighted material that you will have the right to sell, you understand and agree that, from time to time, you will come into possession of certain of LMI's trade secrets concerning the manner in which it conducts business, including, but not necessarily limited to: all confidential lists of LMI Franchisees and franchise organizations (including names, addresses and phone numbers); all material contained in LMI's sales training and management training manuals; customer lists; and LMI materials clearly marked or labeled

as trademarked or trade secrets most particularly as applicable to methods of operations, or confidential practices. Although LMI has not filed applications for copyright registration for these materials, it claims copyright and the information is proprietary. This proprietary information must be kept confidential by you. Upon termination of this Agreement, you may not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation or association any proprietary information pertaining to LMI's business and/or the manner which it is conducted.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE OPERATION OF THE FRANCHISE BUSINESS

A. Franchisee agrees to:

(1) Designate and always retain an individual to serve as the "Operating Principal" under the Franchise Agreement. The Franchisee may serve in that position.

The Operating Principal may, at his option, and subject to the Company's approval, designate an individual to perform the duties and obligations of the Operating Principal described in the Agreements. The Operating Principal (or his designee, if applicable) must devote substantial full time and best efforts to the supervision and performance of the Franchise under the Agreements.

(2) The person designated will meet the standards set forth for this position, as provided in the Manuals or other written instructions. The Operating Principal (or his designee) must satisfy the training requirements stated in the Franchise Agreement.

(3) Comply with all of the Company's standards and specifications relating to the products used or sold at the Business.

(4) To sell or offer for sale products and services, in the manner and style required by the Franchisor. Franchisee agrees not to deviate from the standards and specifications without first obtaining written consent from the Franchisor. Franchisor shall have the right to change products and services offered by Franchisee at any time, and there are no limits on our right to make those changes.

(5) Obtain in sufficient supply and use and sell only the products that conform to our standards and specifications.

B. Franchisee may decide the prices they charge to their customers.

C. Franchisee covenants and agrees that it shall make reasonable efforts to operate the business so as to achieve optimum sales.

D. If Franchisee is a corporation or partnership, Franchisee represents, warrants, and covenants that:

(1) Franchisee is duly organized and validly existing under the state law of its formation.

(2) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification.

(3) The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement and have been duly authorized by Franchisee.

E. Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders.

F. Franchisee shall comply with all other requirements and perform such other obligations as provided for in this Agreement.

G. Franchisee is required to set up an LMI sub site (no site set up fee will be charged) or obtain written approval from Franchisor to maintain an individual website. Franchisee may not use individual website to direct sell any product or related products of LMI.

H. Franchisee's Performance:

(1) Franchisee agrees to work conscientiously and progressively toward growth and development of the Franchise and to use discretion and judgment in enlisting and training new sales representatives. Franchisee shall carefully supervise sales personnel, search for additional avenues and fields in which to increase sales and seek any other method which will enhance the sales and acceptance of Company's products pursuant to the terms and conditions of this Franchise Agreement.

(2) After the first full calendar year beginning January 1, and during each calendar year thereafter while this Franchise Agreement is in effect, Franchisee agrees to purchase a minimum of \$2,500.00 worth of Company's products at the then current Franchisee prices as indicated in the Company's most current confidential price list.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

A Franchisee can sell any or all of the products offered by the Franchisor. The Franchisor has the right to add new programs and to delete present programs at its discretion. At least thirty (30) days' notice of any such changes will be given to the Franchisee. Franchisee agrees to use LMI products and materials, exclusively, for sale to its clients (unless other material is approved in writing by LMI).

Franchisee is not restricted regarding which customers they may market and sell.

In regard to servicing clients, Franchisee agrees:

A. To register all new clients monthly (including name, address, phone numbers, etc.) with LMI. This information is to be sent on the form provided by LMI, along with the monthly royalty report. LMI commits to keeping this information confidential and agrees not to compete directly with Franchisee's clients.

B. Franchisee agrees that all clients registered by Franchisee shall revert to and become the exclusive property of LMI if the Franchisee terminates their Franchise Agreement. If the Franchisee transfers his/her Franchise, with approval by LMI, all clients registered to the Franchisee shall be transferred to the new Franchisee.

C. To supply client feedback in the form recommended by LMI monthly.

Paragraph 5 of the Franchise Agreement contains a covenant whereby you agree not to purchase any of LMI's products from anyone other than LMI without the prior written consent of LMI (see item 8).

Paragraph 7 of the Agreement contains a covenant whereby you agree not to engage in competition against LMI by offering goods and services in the field of personal development, self-improvement, motivation, human relations, sales training, leadership or executive development so long as you remain a Franchisee. Goods and services in the above fields are the only conditions whereby you would be restricted or limited as to the goods or services you may offer. If you are already in a consulting or marketing business at the time you are considering becoming a Franchisee, LMI is willing to consider requests for a modification of Paragraph 7 to allow you to continue with the sale of goods and services being sold at the time you become a Franchisee; so long as the goods and services are not directly competitive with the programs or products of LMI and do not violate any of LMI's copyrights, trademarks or trade secrets. This modification is made with a Letter of Addendum to the Franchise Agreement similar to the following:

"Restrictions against the activities of the Franchisee, while this contact is in force and the Franchisee is an active Franchisee, shall not apply to the Franchisee's present activities [i.e.: (Franchisee's occupation) consulting, seminar work, etc.] or to any program or product, so long as that program or product is not directly competitive with the programs or products of LMI and

does not violate any of the Company's copyrights, trademarks or trade secrets.

The Franchisee agrees that upon termination of the Agreement, he will not (for a period of 2 years thereafter): Sell or offer for sale any form of recordings, courses or similar products in the field of motivation, sales training, leadership or executive development that will use products or services in any manner that would violate Company's copyrights, trademarks or trade secrets; nor shall the Franchisee aid or assist others in doing so."

The above restriction will apply to acts conducted within 100 miles of any area in which you or your sales representative(s) have made substantial sales of LMI products within the 2-year period immediately preceding termination of the Agreement.

Franchisee agrees to adhere to the following standards:

A. Franchisee recognizes and agrees that from time to time hereafter, Franchisor may change or modify the Company's Systems, including, without limitation, the adoption and use of new or modified trade names, trademarks, patents, service marks or copyrighted materials and Franchisee agrees to accept, use and display for the purposes of this agreement any such changes or modifications in the Company's System, including new or modified trade names, trademarks, service marks or copyrighted materials, as if they were part of the Company's System at the time of execution hereof; and the Franchisee will make such reasonable expenditures as such changes or modifications in the Company's System or the adoption, use and display of new or modified trade names, trademarks, service marks or copyrighted materials may require. For purposes of this agreement, all references to the Company's System shall include such future changes and modifications.

B. Franchisee recognizes the mutual benefit to Franchisee, Franchisor and other Franchisees of Franchisor of the uniformity of service, products and advertising of the Company's System and understands that such uniformity are necessary for the successful operation of the Company. Franchisee also acknowledges that services and products sold under the Company's name using the Company's System have a reputation for excellence. This reputation has been developed and maintained by Franchisor, and Franchisee acknowledges that it is of the utmost importance to Franchisor, and to all other Franchisees that such reputation be maintained. To this end Franchisee covenants and warrants with respect to the operation of their franchise and its employees will comply with all of the standard requirements of the Company's System throughout the term of this agreement.

1. Operate, market, and sell only services and products sold therein in accordance with the specifications, standards, business practices and policies of Franchisor now in effect or hereafter promulgated by Franchisor for its Franchisees, and comply with all requirements of the Company's System as they are now or hereafter established. Franchisor and its duly authorized representatives shall have the right, if they

so elect, to inspect the same at all reasonable times to ensure that Franchisee is complying with such standards. If Franchisee in any way shall fail to maintain the standards of service established by Franchisor, Franchisor shall notify Franchisee in writing and give Franchisee thirty (30) days in which to cure any violations. If Franchisee fails to cure any violation within such thirty (30) day period, Franchisor shall, in addition to any other remedy available to it, have the right to cancel the Franchise Agreement for cause.

2. To use the “LMI” name for its Franchise and for all signage, advertising, stationery, business cards, etc. in accordance with the Company’s standards for use.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following table lists important provisions of the **Franchise Agreement**. You should read these provisions in the Franchise Agreement attached to this disclosure document as Exhibit B.

| CATEGORY | Section In Agreement | Summary |
|--|-----------------------------|---|
| a. Length of the term of the franchise | 2a | Term is for 5years |
| b. Renewal or extension of the term | 2 | Franchise may be renewed for consecutive five (5) year periods unless the Agreement has been terminated due to violations see Section 9. |
| c. Requirements for franchisee to renew or extend | 2 | 1. Notify intent to renew. 2. Pay the renewal fee. 3. Not be in violation or default of terms of Franchise Agreement |
| d. Termination by franchisee | 14 | You may terminate for any reason by giving 60 days written notice |
| e. Termination by franchisor without cause | Not Applicable | Not Applicable |
| f. Termination by franchisor with “cause” | 14 | LMI can terminate if you default or for good cause. |
| g. “Cause” defined - defaults which cannot be cured | 14 | You have 30 days to: discontinue violation(s) of the contract; cure non-payment of accounts and/or satisfy minimum purchase requirement. You have 60 days to cure any defaults not otherwise specified. |
| h. “Cause” defined - curable defaults | 14 | The provision in the Franchise Agreement which provides for termination upon bankruptcy may not be enforceable under Federal Bankruptcy law (11 U.S.C. Section 101 et.seq.) |
| i. Franchisee’s obligations on termination/non-renewal | 14 | You lose the right to market LMI programs except to sell the programs you have on hand |
| j. Assignment of contract | 13 | No restrictions on LMI’s right to assign |

| CATEGORY | Section In Agreement | Summary |
|---|-----------------------------|--|
| by Franchisor | | |
| k. "Transfer" by you definition | 13 | Transfer of contract, assets or change in ownership |
| l. Company approval of transfer by Franchisee | 13 | Transfer must be approved by LMI whether owned by an individual or a corporation; but LMI cannot unreasonably withhold consent. |
| m. Conditions for Franchisor approval of transfer | 13 | Transferee must be of good character, pay transfer fee, and sign the Agreement. You must pay any outstanding accounts due to LMI. |
| n. Company's right of first refusal to acquire your business | None | |
| o. Company's option to purchase your business | None | |
| p. Death or disability of franchisee | 13 | No restriction on disability. Your estate or representative may transfer the franchise per approval of the new Franchisee by LMI |
| q. Non-competition covenants during the term of the franchise | 7 | No involvement in a competing business anywhere in the United States. |
| r. Non-competition covenants after the franchise is terminated or expires | 7 | No competing for 2 years or within 100 miles of LMI or another Franchisee. Neither can you assist another Franchisee nor encourage another to terminate his business. |
| s. Modification of the Agreement | 16 | If any part of the non-competition covenant is found to be void in a court of law, the covenant will be deemed modified so as to be enforceable. Any modification must be made in writing and signed by you and LMI. |
| t. Integration / merger clause | 16 | Only the terms of the Agreement are binding, subject to state law. Any other promises may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | 15 | Company and Franchisee agree to consent to dispute resolution by arbitration or mediation which will be binding upon both parties. |
| v. Choice of Forum | 16 | The venue is Texas |
| w. Choice of Law | 16 | Governed by the laws of the State of Texas |

These states have statutes which may supersede the Franchise Agreement in your relationship with us including the area of termination and renewal of your franchise: ARKANSAS (Stat. Section 79-807), CALIFORNIA (Bus. & Prof. Code Sections 2000-20043), CONNECTICUT (Gen. Stat. Section 42-133 e et seq.), DELAWARE (Code, tit.), HAWAII (Rev. Stat. Section 482E-1), ILLINOIS (815ILCS705/1-44), INDIANA (Stat. Section 23-2-7), IOWA (Code Sections 523H.1523H.17), MICHIGAN (Stat. Section 19.854(27)), MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY (Stat. Section 56:10-1), SOUTH DAKOTA (Codified Laws Section 37-5B), VIRGINIA (Code 13.1-557-574-13.1-564), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03). These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your Franchise.

These states have statutes which limit our ability to restrict your activity after the Franchise Agreement has ended: CALIFORNIA (Bus. & Prof. Code Section 16,600), FLORIDA (Statutes Section 542.33), MICHIGAN (Compiled Laws

Section 445.771 et seq), MONTANA (Codes Section 30-14-201), NORTH DAKOTA (Century Code Section 9-08-06), OKLAHOMA (Statutes Section 15-217-19), WASHINGTON (Code Section 19.86.030). Other states have court decisions limiting our ability to restrict your activity after the Franchise Agreement has ended.

The Conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law: 815 ILCS 705/19 and 20. The law of the state of Illinois prohibits any requirement to litigate any cause of action, except for arbitration proceedings, or any choice of law provision arising under the Franchise Agreement for any state other than Illinois.

A provision in the Franchise Agreement which terminates this agreement on your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ITEM 18: PUBLIC FIGURES

LMI does not use any public figures to promote its franchise.

LMI pays royalties, based on sales, to several public figures who are authors of certain LMI products. The names of the public figures may be used by LMI from time to time in advertising the products. The use of the names of the authors in this advertisement does not constitute an endorsement of LMI or the franchises offered by LMI.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or 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 Randy Slechta at 254/776-2060, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS & FRANCHISEE INFORMATION

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

| Outlet Type | Year | Franchises at the Start of Year | Franchises at the End of the Year | Net Change |
|---------------|------|---------------------------------|-----------------------------------|------------|
| Franchises | 2022 | 114 | 111 | -3 |
| | 2023 | 111 | 112 | +1 |
| | 2024 | 112 | 110 | -2 |
| Total Outlets | 2022 | 114 | 111 | -3 |
| | 2023 | 111 | 112 | +1 |
| | 2024 | 112 | 110 | -2 |

Note: The Company does not own or operate any franchises; nor do they own or Operate Company-owned outlets, therefore, all figures herein representing Franchises also represents the total outlets.

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

| State | Year | Number of Transfers |
|-------|------|---------------------|
| None | 2022 | None |
| GA | 2023 | 1 |
| None | 2024 | None |

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

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|------------------------|
| AK | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| AL | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| AR | 2022 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 0 | 0 | 1 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| AZ | 2022 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 1 | 0 | 1 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 1 | 0 | 0 | 2 |
| CA | 2022 | 10 | 0 | 0 | 3 | 0 | 0 | 7 |
| | 2023 | 6 | 0 | 0 | 1 | 0 | 0 | 5 |
| | 2024 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| CO | 2022 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2024 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| CT | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|------------------------|
| DE | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| FL | 2022 | 9 | 0 | 0 | 1 | 0 | 0 | 8 |
| | 2023 | 8 | 1 | 0 | 0 | 0 | 0 | 9 |
| | 2024 | 9 | 1 | 0 | 0 | 0 | 0 | 10 |
| GA | 2022 | 4 | 0 | 0 | 1 | 0 | 0 | 3 |
| | 2023 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| | 2024 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| IA | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| IL | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| IN | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| KS | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| KY | 2022 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| LA | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MA | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| MD | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| ME | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MI | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| MN | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| MO | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| NC | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 0 | 2 | 0 | 0 | 2 |
| NE | 2022 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|------------------------|
| NH | 2024 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| NJ | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| NM | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| NV | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| NY | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| OH | 2022 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2024 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| OK | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| OR | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| PA | 2022 | 9 | 1 | 0 | 1 | 0 | 0 | 9 |
| | 2023 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | 2024 | 9 | 1 | 0 | 1 | 0 | 0 | 9 |
| RI | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| SC | 2022 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| TN | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| TX | 2022 | 17 | 2 | 2 | 0 | 0 | 0 | 17 |
| | 2023 | 17 | 1 | 0 | 3 | 0 | 0 | 15 |
| | 2024 | 15 | 0 | | 1 | 0 | 0 | 14 |
| VA | 2022 | 3 | 0 | 1 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| WA | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| WI | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 1 | 0 | 0 | 2 |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of Year |
|--------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|------------------------|
| Totals | 2022 | 114 | 7 | 2 | 8 | 0 | 0 | 111 |
| | 2023 | 111 | 11 | 0 | 10 | 0 | 0 | 112 |
| | 2024 | 112 | 6 | 0 | 7 | 0 | 1 | 110 |

NOTE:

1. All numbers are as of December 31, 2024.
2. The numbers in the "Total" column may exceed the total number of franchisees because several events may have affected the same franchisee.
3. Only states with active franchises or franchises terminated in the last three years have been listed on this table.
4. Please see attachment C for complete listing of operational franchises and attachment D for a complete listing of the Franchisees who left the system as of December 31, 2024.

There are no franchisees who have not communicated with the Franchisor within the ten weeks of this application.

Table No. 4
**COMPANY-OWNED OUTLETS
FOR YEARS 2022 to 2024**

| State | Year | Company owned |
|-------|------|---------------|
| None | 2022 | None |
| None | 2023 | None |
| None | 2024 | None |

Table No. 5
**PROJECTED OPENINGS
AS OF DECEMBER 31, 2024**

| | FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPENED | PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR | PROJECTED NEW COMPANY OWNED OUTLET IN THE NEXT FISCAL YEAR |
|------------|--|--|--|
| California | 0 | 1 | 0 |
| Florida | 0 | 2 | 0 |
| Texas | 0 | 2 | 0 |
| Totals | 0 | 5 | 0 |

Only states with planned activity have been listed in Table No. 5.

The Company does not own or operate any Franchises; nor does it have any Company-owned operating units. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

The Franchisor has not signed any confidential clauses with any current or former franchises during the past three years.

21. FINANCIAL STATEMENTS

Included herein are the Company's financial statements for the years ended December 31, 2024, 2023, and 2022. These statements include:

Leadership Management, Inc. Balance Sheet
Leadership Management, Inc. Statement of Income and Stockholder's Equity
Leadership Management, Inc. Statement of Cash Flows
Leadership Management, Inc. Notes to Financial Statements.

The financial statements have been examined by Pattillo, Brown & Hill as explained in the accountant's report, and have been included in reliance upon such reports given upon the authority of Pattillo, Brown & Hill as experts in accounting and auditing. See Exhibit A.

22. CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

1. Franchise Agreement - Exhibit B is a sample of the Franchise Agreement which will be used in this state.
2. Start-Up Materials – Exhibit B-1
3. Franchisee Draft Authorization Form – Exhibit B-2
4. Sample Of A Transfer Agreement – Exhibit B-3
5. Business Success System – Table of Contents – Exhibit B-4
6. Sample Promissory Note – Exhibit B-5
7. State Of Minnesota Letter of Addendum – Exhibit B-6

Attachments

- A. State Administrators
- B. Agents for Service of Process
- C. List of Current Franchisees
- D. List of Franchisees Who Have Left the System within the Past 12 Months
- E. Proprietary Marks

Item 23: Receipts

Located on last pages of this Franchise Disclosure Document

EXHIBIT A
LEADERSHIP MANAGEMENT, INC.

FINANCIAL STATEMENTS

FISCAL YEARS ENDED
DECEMBER 31, 2024, 2023, and 2022

WITH INDEPENDENT AUDITOR'S REPORT

LEADERSHIP MANAGEMENT, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2024, 2023, AND 2022
WITH INDEPENDENT AUDITOR'S REPORT

LEADERSHIP MANAGEMENT, INC.

FOR THE YEARS ENDED
DECEMBER 31, 2024, 2023, AND 2022

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INDEPENDENT AUDITOR'S REPORT

To Those Charged with Governance and Stockholders
Leadership Management, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leadership Management, Inc. (a Texas corporation), which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Leadership Management, Inc. as of December 31, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston

NEW MEXICO | Albuquerque

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Information

Management is responsible for the other information included in the franchise disclosure document. The other information comprises the federally mandated information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 10, 2025

LEADERSHIP MANAGEMENT, INC.

BALANCE SHEETS

DECEMBER 31, 2024, 2023 AND 2022

| | December 31, | | |
|--|--------------|------------|------------|
| | 2024 | 2023 | 2022 |
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 233,788 | \$ 219,771 | \$ 498,915 |
| Certificate of deposit | 250,000 | 250,000 | - |
| Accounts receivable | 3,332 | 4,416 | 3,952 |
| Accounts receivable - affiliates | 7,960 | 10,789 | 13,665 |
| Inventories | 119,076 | 153,159 | 129,420 |
| Prepaid expenses | 578 | 916 | 916 |
| Total current assets | 614,734 | 639,051 | 646,868 |
| Deferred tax asset | 75,872 | 75,872 | 75,872 |
| Property and equipment (net of accumulated depreciation of \$33,344, \$33,344, and \$33,344, respectively) | - | - | - |
| Total assets | \$ 690,606 | \$ 714,923 | \$ 722,740 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable: | | | |
| Trade | \$ 18,825 | \$ 18,220 | \$ 5,897 |
| Affiliates | 3 | 3 | 3 |
| Accrued liabilities: | | | |
| Taxes other than income taxes | 2,092 | 2,323 | 2,964 |
| Commissions | 1,750 | 2,246 | 2,325 |
| Professional fees | 9,000 | 9,000 | 9,000 |
| Interest | - | 10,614 | 12,993 |
| Current portion of small business administration loan | 3,304 | - | - |
| Total current liabilities | 34,974 | 42,406 | 33,182 |
| Deferred revenue | 135,202 | 139,698 | 110,422 |
| Due to affiliates | 3,017 | 2,700 | 4,225 |
| Small business administration loan, net of current portion | 144,022 | 150,000 | 150,000 |
| Total liabilities | 317,215 | 334,804 | 297,829 |
| Stockholders' equity: | | | |
| Common stock, par value \$1.00 per share, authorized, issued and outstanding 50,000 shares | 50,000 | 50,000 | 50,000 |
| Contributed capital | 860,000 | 860,000 | 860,000 |
| Retained earnings (deficit) | (536,609) | (529,881) | (485,089) |
| Total stockholders' equity | 373,391 | 380,119 | 424,911 |
| Total liabilities and stockholders' equity | \$ 690,606 | \$ 714,923 | \$ 722,740 |

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

LEADERSHIP MANAGEMENT, INC.

STATEMENTS OF INCOME

DECEMBER 31, 2024, 2023 AND 2022

| | For the Years Ended December 31, | | |
|---|----------------------------------|------------------|------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| Franchise revenue | \$ 87,178 | \$ 81,620 | \$ 80,297 |
| Management fees | 60,000 | 60,000 | - |
| Sales (net of discounts of \$18,331, \$15,967, and \$20,933, respectively) | <u>631,078</u> | <u>564,500</u> | <u>650,462</u> |
| Total revenue | <u>778,256</u> | <u>706,120</u> | <u>730,759</u> |
| Cost of goods sold | <u>375,968</u> | <u>333,804</u> | <u>348,858</u> |
| Gross profit | 402,288 | 372,316 | 381,901 |
| Operating expenses: | | | |
| Selling expenses | 51,726 | 65,564 | 82,020 |
| Salaries and benefits | 124,408 | 78,439 | 73,508 |
| Other administrative expenses | 99,813 | 147,295 | 119,875 |
| Facilities expense | <u>80,850</u> | <u>83,847</u> | <u>88,388</u> |
| Total operating expenses | <u>356,797</u> | <u>375,145</u> | <u>363,791</u> |
| Operating income (loss) | 45,491 | (2,829) | 18,110 |
| Other income (expense): | | | |
| Other income | - | 15,283 | 269 |
| Interest income | 15,778 | 3,131 | 1,004 |
| Interest expense | (5,096) | (6,377) | (13,716) |
| Professional fees | <u>(62,901)</u> | <u>(54,000)</u> | <u>(54,000)</u> |
| Total other income (expenses) | <u>(52,219)</u> | <u>(41,963)</u> | <u>(66,443)</u> |
| Income (loss) before federal income taxes | (6,728) | (44,792) | (48,333) |
| Income tax benefit (provision) | <u>-</u> | <u>-</u> | <u>12,809</u> |

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

LEADERSHIP MANAGEMENT, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

DECEMBER 31, 2024, 2023, AND 2022

| | <u>Common Stock</u> | <u>Contributed Capital</u> | <u>Retained Earnings (Deficit)</u> | <u>Total</u> |
|-----------------------------------|-------------------------|--------------------------------|--|-------------------|
| Balance, December 31, 2021 | \$ 50,000 | \$ 860,000 | \$ (449,565) | \$ 460,435 |
| Net loss | <u>-</u> | <u>-</u> | <u>(35,524)</u> | <u>(35,524)</u> |
| Balance, December 31, 2022 | <u>\$ 50,000</u> | <u>\$ 860,000</u> | <u>\$ (485,089)</u> | <u>\$ 424,911</u> |
| Net loss | <u>-</u> | <u>-</u> | <u>(44,792)</u> | <u>(44,792)</u> |
| Balance, December 31, 2023 | <u>\$ 50,000</u> | <u>\$ 860,000</u> | <u>\$ (529,881)</u> | <u>\$ 380,119</u> |
| Net loss | <u>-</u> | <u>-</u> | <u>(6,728)</u> | <u>(6,728)</u> |
| Balance, December 31, 2024 | <u>\$ 50,000</u> | <u>\$ 860,000</u> | <u>\$ (536,609)</u> | <u>\$ 373,391</u> |

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

LEADERSHIP MANAGEMENT, INC.

STATEMENTS OF CASH FLOWS

DECEMBER 31, 2024, 2023 AND 2022

| | For the Years Ended December 31, | | |
|---|----------------------------------|-------------|-------------|
| | 2024 | 2023 | 2022 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income (loss) | \$(6,728) | \$(44,792) | \$(35,524) |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: | | | |
| Changes in operating assets and liabilities: | | | |
| Accounts receivables | 3,913 | 2,412 | (3,607) |
| Inventories | 34,083 | (23,739) | (6,216) |
| Prepaid and other expense | 338 | - | - |
| Deferred taxes | - | - | (12,809) |
| Due to affiliated companies | 317 | (1,525) | (780) |
| Accounts payable | 605 | 12,323 | (6,488) |
| Deferred revenue | (4,496) | 29,276 | 9,542 |
| Accrued expenses | (11,341) | (3,099) | 9,302 |
| Net cash flows provided (used) by operating activities | 16,691 | (29,144) | (46,580) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Certificate of deposit | - | (250,000) | 306,161 |
| Net cash flows provided (used) by investing activities | - | (250,000) | 306,161 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments on long-term debt | (2,674) | - | - |
| Net cash flows provided by financing activities | (2,674) | - | - |
| NET INCREASE (DECREASE) IN CASH | 14,017 | (279,144) | 259,581 |
| CASH, BEGINNING OF YEAR | 219,771 | 498,915 | 239,334 |
| CASH, END OF YEAR | \$ 233,788 | \$ 219,771 | \$ 498,915 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| Federal income taxes paid | \$ - | \$ - | \$ - |
| Interest paid | \$ 15,710 | \$ 8,772 | \$ 4,386 |

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

LEADERSHIP MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2024, 2023, AND 2022

1. SUMMARY OF BUSINESS ACTIVITIES

Leadership Management, Inc. (the "Company"), was founded in 1965 to help companies develop leadership skills. The Company provides lines of programs and courses designed to help people achieve their professional and personal goals.

The Company is part of a closely held controlled group as described in the *related party transaction* footnote below. These financials reflect the Company as a stand-alone entity and all material related party transactions have been disclosed.

The following is a reconciliation of the number of franchises in operation:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---|--------------|--------------|--------------|
| Franchises at January 1 | 112 | 111 | 114 |
| New franchises added during the year | 6 | 11 | 7 |
| Franchises canceled or terminated during the year | <u>(10)</u> | <u>(10)</u> | <u>(10)</u> |
| Active at December 31 | <u>108</u> | <u>112</u> | <u>111</u> |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Key accounting policies that include significant judgements and estimates include:

- Useful lives of property and equipment
- Allowance for doubtful accounts
- Reserve for obsolete inventory

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all unrestricted demand deposits and money market funds with original maturities of three months or less to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, 2023, and 2022.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable arise in the normal course of business. It is the policy of management to review the outstanding accounts receivable on a continual basis, write-off debts deemed uncollectible, and establish an allowance for doubtful accounts. As of December 31, 2024, 2023, and 2022, the Company had an allowance for doubtful accounts of \$0, \$7,000 and \$7,000.

Revenue Recognition

The Company has adopted accounting standards update (“ASU”) 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “Accounting Standards Codification (“ASC”) Topic 606”).

In accordance with the standard the Company’s recognition of revenues generated from each source is as follows:

Franchise royalties, which are based on a percentage of the franchisees’ sales are recognized at the time the underlying sales occur.

Sales of programs, trainings materials, planners, etc. are recognized at the time the underlying sales occur and the items are transferred to the customer.

The details of the significant changes in revenue recognition and quantitative impact of the changes are discussed below.

Initial Franchise Fees

Typically, franchise rights are granted to franchisees for an initial term of five years with an option to renew for 1-5 years with renewal fees between \$150-\$2500 contingent on the relationship and royalty collections from the franchisee. In exchange for initial franchise fees and royalties, the Company is obligated by its franchise agreement to provide training, operating manuals, written advice, and marketing supplies. Under the previous revenue recognition guidance, revenues from initial franchise fees were recognized when the obligations of the Company to prepare the franchisee for operation were substantially complete, which occurred at the initiation point.

Under the new guidance, the standard requires that the transaction price received from customers be allocated to each separate and distinct performance obligation. The transaction price attributable to each separate and distinct performance obligation is then recognized as the performance obligations are satisfied. The services that the Company provides related to the initial franchise fees the Company receives from franchisees do not contain separate and distinct performance obligations from the franchise right. Accordingly, under the new standard, initial franchise fees, as constrained for amounts the Company does not expect to collect, will be recognized over the initial term of the franchise agreement, which is generally five years.

Renewal Franchise Fees

Similar to initial franchise fees, revenue from renewal fees was previously recognized when the obligations of the Company were substantially complete, which occurred at the renewal point. Under the new guidance, renewal fees will be recognized over the life of the renewal period, generally between 1 to 5 years.

Refer to footnote 8 for further information on revenue recognition. Costs are recognized as incurred, and as of December 31, 2024, the Company had not capitalized any incremental costs of obtaining a contract in accordance with ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*.

Inventories

Inventories are priced at the lower of cost (first-in, first-out method) or market. As of December 31, 2024, 2023, and 2022, there was no reserve for obsolete inventory, as management expects all inventory is still saleable. Any inventory deemed obsolete has been written off to expense. During the years ended December 31, 2024, 2023, and 2022, the Company has written off obsolete inventory of \$10,649, \$17, and \$0.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method in amounts sufficient to amortize the costs of the assets over their estimated lives of 3 to 5 years, for current assets held.

Maintenance and repair costs are expensed as incurred. Renewals and betterments are capitalized. The cost of assets sold or retired, as well as any accumulated depreciation, is removed from the accounts at the time of disposal and any resulting gain or loss is included in the results of operations.

Advertising

The Company's advertising expenditures consist primarily of web advertising and are expensed as incurred. For the years ended December 31, 2024, 2023, and 2022, the Company had \$1,234, \$2,197, and \$0 in advertising expenses.

Income Taxes

The Company and its shareholders have elected to operate as a C Corporation. The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, all expected future events other than enactments of changes in tax law or rates are considered. The Company reviews its deferred tax assets for ultimate realization and will record a valuation allowance to reduce the deferred tax asset if it is more likely than not that some portion, or all, of these deferred tax assets will not be realized.

The Company's tax returns are generally no longer subject to examination by the Internal Revenue Service after three years.

Concentration of Credit Risk

The Company maintains its cash balances at one financial institution, which is insured by the Federal Deposit Insurance Corporation ("FDIC"). All accounts, interest and noninterest bearing, are insured by the FDIC up to \$250,000. As of December 31, 2024, 2023, and 2022, the Company had uninsured deposits, however, no losses have been incurred.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024, 2023, and 2022, are summarized below:

| | December 31, | | |
|-------------------------------|--------------|-------------|-------------|
| | 2024 | 2023 | 2022 |
| Property and equipment | \$ 33,344 | \$ 33,344 | \$ 33,344 |
| Less accumulated depreciation | (33,344) | (33,344) | (33,344) |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Depreciation expense for the years ended December 31, 2024, 2023, and 2022 was \$0.

4. SMALL BUSINESS ADMINISTRATION LOANS

A \$150,000 Economic Disaster Loan (EIDL) was received in June 2020, the loan has a 3.75% annual interest rate and is due in thirty years with payments beginning in June 2022. Following is a summary of debt obligations at December 31, 2024, 2023 and 2022:

| | December 31, | | |
|--|-------------------|-------------------|-------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| Economic Disaster Loan bearing an interest rate of 3.75% with payments beginning in June 2022 and a maturity date of June 2052 | \$ 147,326 | \$ 150,000 | \$ 150,000 |
| Less current maturities | <u>(3,304)</u> | <u>-</u> | <u>-</u> |
| Total long-term debt, net of current maturities | <u>\$ 144,022</u> | <u>\$ 150,000</u> | <u>\$ 150,000</u> |

Future maturities are as follows:

| <u>Years Ending December 31,</u> | |
|--------------------------------------|-------------------|
| 2025 | \$ 3,304 |
| 2026 | 3,430 |
| 2027 | 3,561 |
| 2028 | 3,697 |
| 2023 | 3,838 |
| Thereafter | <u>129,496</u> |
| Totals | <u>\$ 147,326</u> |

The debt has accrued interest of \$0, \$10,614 and \$12,993 as of December 31, 2024, 2023 and 2022, respectively.

5. FEDERAL INCOME TAXES

Deferred federal income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect the taxable income. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through provisions for income taxes. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense (benefit) is the tax payable (receivable) for the period, together with the change during the period in deferred tax assets and liabilities.

In prior years, deferred tax assets and valuation allowances have been provided for all the possible future benefits. The Company currently has a net operating loss expected to be used in future years to offset taxable income. Therefore, a deferred tax asset of \$75,872, \$75,872 and \$75,872 is recorded in 2024, 2023, and 2022, respectively. The operating losses in 2024 and 2023 were not included in the deferred tax asset as the operating loss may not be used in future years.

As of December 31, 2023, the Company had federal net operating loss carryforwards of \$403,719, available to reduce future taxable income. The current year taxable loss of \$4,369 has been added to the net operating loss carryforward leaving approximately \$408,088 available to reduce future taxable income as of December 31, 2024. The significant differences in book vs tax loss in certain years are franchise investments recognized in the current year that had been taxed previously, along with the PPP income not being taxable.

6. RELATED PARTY TRANSACTIONS

The Company is solely owned by a trust. Beneficiaries of the trust own or have interest in the other Companies doing business with or having relationships with the Company.

As of December 31, 2024, 2023, and 2022, the Company has accounts receivable, net of the reserve for doubtful accounts, aggregating \$7,960, \$10,789, and \$13,665, respectively, due from several companies owned or managed by related parties. These amounts are listed on the balance sheets as accounts receivable – affiliates. These balances arise as the Company advances its affiliates' money throughout the year. The balances are shown net of a reserve for doubtful accounts of \$0, \$0, and \$0 for the years ended December 2024, 2023, and 2022.

For the years ended December 2024, 2023, and 2022 the Company also had accounts payable of \$3,020, \$2,703, and \$4,228, respectively, for the various services listed below. These amounts are listed on the balance sheets as accounts payable – affiliates and due to affiliates.

During the fiscal years ended December 31, 2024, 2023, and 2022, the Company paid \$64,800, \$64,800 and \$64,800, respectively, for building rent to a company owned by the same trust. The lease commenced on August 1, 2024 and expires on July 31, 2025. The annual minimum lease payments on the lease for the year ended December 31, 2024, is \$37,800.

During the fiscal years ended December 31, 2024, 2023, and 2022, the Company paid professional fees of \$50,000, \$54,000, and \$54,000, respectively, to General Consolidated Management, an affiliate of the Company.

For the years ended December 31, 2024, 2023, and 2022, the Company paid \$150,000, \$120,000, and \$120,000, respectively, to Leadership Management International, an affiliate of the Company, for warehousing fees. The Company also recorded management fee revenue of \$60,000, \$60,000 and \$0, from Leadership Management International for the years ended December 31, 2024, 2023, and 2022, respectively.

For the years ended December 31, 2024, 2023, and 2022, the Company paid \$0, \$170, and \$0, respectively, for product development and royalties of \$3, \$0, and \$15, respectively, to Meyer Resource Group, an affiliate of the Company.

7. EMPLOYEE BENEFIT PLAN

The Company participates in a defined contribution plan covering substantially all employees and sponsored by General Consolidated Management, Inc., an affiliate of the Company. The Company can elect to make discretionary contributions to the Plan. During the years ended December 31, 2024, 2023, and 2022, no employer contributions were made to the Plan.

8. REVENUE RECOGNITION

The Company earns revenue from two primary sources, the sale of products and franchise related revenue.

All revenue streams for the Company discussed above are within the scope of and accounted for under ASC 606. ASC 606 requires revenue to be recognized when the Company satisfies the related performance obligations by transferring to the customer a good or service through a 5-step process:

- 1) Identify the contract with the customer,
- 2) Identify the associated performance obligations,
- 3) Determine the transaction price,
- 4) Allocate the transaction price to the performance obligations, and
- 5) Recognize revenue when the performance obligations have been satisfied and the good or service has been transferred.

Sale of products include but are not limited to training materials, programs and planners. For the performance obligations related to sale of products, control transfers at a point in time. The Company's principal terms of sale are FOB Shipping Point and FOB Destination and the Company transfers control and records revenue for product sales either upon shipment or delivery to the customer, respectively.

Franchise related income includes initial franchise fees and renewal fees that have performance obligations that are satisfied over time and royalties that are recognized at a point in time. Initial franchise fees and renewal fees are recognized ratably on a monthly basis over the life of the contract, which is generally 5 years for the initial contract and 1-5 years for the renewal period. Royalties are recognized when earned. Royalty fees are based on 6% of sales, less cost of production. Under the terms of its franchise agreements, the Company provides initial training and continuing business consulting and marketing support to its franchisees. Franchise fees and training fees are generally payable upon the execution of the franchise agreement and royalty fees generally commence upon the starting of the franchisee's business activities and are payable on or before the 15th day of each month.

For all revenue streams the overall economy will have a direct impact on the Company. If the economy were impacted negatively it will result in less disposable income for customers and thus less investment in non-essential items such as training and leadership materials and franchisee investments. Other general economic factors that could impact the Company are inflation, obsolescence and interest rates.

The following table disaggregates the Company's revenue based on the timing of the satisfaction of performance obligations for the years ended December 31, 2024, 2023 and 2022:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|-------------------|
| Performance obligations satisfied over time | \$ 111,893 | \$ 107,424 | \$ 42,914 |
| Performance obligations satisfied at a point in time | <u>666,363</u> | <u>598,696</u> | <u>687,845</u> |
| | <u>\$ 778,256</u> | <u>\$ 706,120</u> | <u>\$ 730,759</u> |

The contract liabilities primarily relate to initial franchise fees and renewal fees, which the Company classifies as deferred revenue. Under previous revenue recognition guidance franchisee fees were recognized when the obligations of the Company to prepare the franchisee for operation were substantially complete, which occurred at the initiation point. As of year-end December 31, 2024, 2023, and 2022, deferred revenue is \$135,202, \$139,698 and \$110,422, respectively.

9. RECLASSIFICATIONS

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 10, 2025, the issuance date of this report. No events requiring disclosure were noted.

EXHIBIT A-1

Leadership Management Inc.

**UNAUDITED FINANCIAL STATEMENTS
AS OF APRIL 30, 2025**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION REGARDING THE CONTENT OR FORM.

LEADERSHIP MANAGEMENT, INC.
BALANCE SHEET
4/30/25

| | LAST YEAR | THIS YEAR |
|-------------------------------|------------|------------|
| ASSETS | | |
| CASH | \$ 410,987 | \$ 366,281 |
| A/R - TRADE | 12,449 | 5,683 |
| A/R - INTERCOMPANY | 4,973 | 4,176 |
| INVENTORY | 162,292 | 137,280 |
| OTHER | 916 | 577 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | \$ 591,619 | \$ 514,000 |
| PROPERTY AND EQUIPMENT | 33,344 | 33,344 |
| LESS ACCUMULATED DEPRECIATION | 33,344- | 33,344- |
| OTHER ASSETS | 68,872- | 75,872- |
| | ----- | ----- |
| TOTAL ASSETS | \$ 660,491 | \$ 589,872 |
| | ===== | ===== |
| LIABILITIES | | |
| A/P - TRADE | \$ 6,944 | \$ 20,694 |
| A/P - TELEOMETRICS ROYALTIES | 1,743 | 928 |
| A/P - INTERCOMPANY | 1,230 | 1,196 |
| A/P - MRG ROYALTIES | 2 | 2 |
| A/P - MY TYME COMMISSIONS | 155 | 126 |
| ACCRUED LIABILITIES | 2,310 | 2,395 |
| ACCRUED COMMISSIONS | 395 | 443 |
| ACCRUED PAYROLL TAXES | 98 | 102 |
| SALES TAXES COLLECTED | 131 | 247 |
| CURRENT DEBT-NOTES | 149,401 | 146,216 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | \$ 162,413 | \$ 172,352 |
| UNEARNED REVENUE | 139,698 | 132,083 |
| | ----- | ----- |
| TOTAL LIABILITIES | \$ 302,111 | \$ 304,435 |
| EQUITY | | |
| COMMON STOCK | 50,000 | 50,000 |
| CONTRIBUTED CAPITAL | 750,000 | 750,000 |
| ADDITIONAL PAID-IN CAPITAL | 110,000 | 110,000 |
| RETAINED EARNINGS-PRIOR YEAR | 529,878- | 536,609- |
| RETAINED EARNINGS-CURRENT YR | 21,741- | 87,952- |
| | ----- | ----- |
| TOTAL LIABILITIES & EQUITY | \$ 660,491 | \$ 589,872 |
| | ===== | ===== |

LEADERSHIP MANAGEMENT, INC.
ACTUAL COMPARED TO PRIOR YEAR

STATEMENT OF OPERATIONS

| | PRIOR | MONTH OF | | APRIL 30 2025 | | FOUR MONTHS ENDED | | APRIL 30 2025 | | PERCNT PRIOR | PERCNT ACTUAL |
|-------------------------|--------|--------------------|-----------------|---------------|---------------|-------------------|--------------------|-----------------|-----------|--------------|---------------|
| | | A M O U N T ACTUAL | V A R I A N C E | NET SALES | PERCNT ACTUAL | PRIOR | A M O U N T ACTUAL | V A R I A N C E | NET SALES | | |
| FRANCHISE/AREA DIRECTOR | | | | | | | | | | | |
| FRANCHISE INVESTMENT | | | | | | 6,300 | 12,900 | 6,600 | | | |
| FRANCHISE RENEWAL FEES | 50 | | 50- | | | 3,450 | 500 | 2,950- | | | |
| FRANCHISE ROYALTIES | 329 | 2,239 | 1,910 | | | 17,763 | 7,219 | 10,544- | | | |
| PROGRAMS | 16,520 | 11,985 | 4,535- | | | 105,410 | 73,907 | 31,503- | | | |
| SALES PROMOTION | | 12 | 12 | | | 10 | 67 | 57 | | | |
| SALES TRAINING | 25 | 113 | 88 | | | 25 | 113 | 88 | | | |
| MY-TYME | 1,532 | 2,083 | 551 | | | 10,303 | 8,516 | 1,787- | | | |
| TELEOMETRICS | | | | | | 897 | 239 | 658- | | | |
| ASSESSMENTS | 980 | 2,140 | 1,160 | | | 13,896 | 14,850 | 954 | | | |
| TRAINING SCHOOLS: | | | | | | | | | | | |
| FACILITATION CERT I | 350 | 1,369 | 1,019 | | | 1,699 | 2,619 | 920 | | | |
| FRANCHISE/AREA DIR SAL | 19,786 | 19,941 | 155 | | | 159,753 | 120,930 | 38,823- | | | |
| CLIENT AND OTHER | | | | | | | | | | | |
| PROGRAMS | 1,920 | | 1,920- | | | 9,212 | 6,500 | 2,712- | | | |
| SALES PROMOTION | 898 | | 898- | | | 897 | | 897- | | | |
| MY-TYME | 6,732 | 7,696 | 964 | | | 43,109 | 38,049 | 5,060- | | | |
| ASSESSMENTS | 180 | 178 | 2- | | | 180 | 448 | 268 | | | |
| CERTIFICATION TRAINING | | 113 | 113 | | | | 113 | 113 | | | |
| CLIENT AND OTHER SALES | 9,730 | 7,987 | 1,743- | | | 53,398 | 45,110 | 8,288- | | | |
| DIRECT SALES | | | | | | | | | | | |
| TELEOMETRICS SALES | | | | | | | | | | | |
| TELEOMETRICS | 8,658 | 4,269 | 4,389- | | | 14,623 | 24,377 | 9,754 | | | |
| TELEOMETRIC SALES | 8,658 | 4,269 | 4,389- | | | 14,623 | 24,377 | 9,754 | | | |
| INTERCOMPANY SALES | | | | | | | | | | | |
| PROGRAMS | | 2,100 | 2,100 | | | | 4,000 | 4,000 | | | |
| INTERCO SALES | | 2,100 | 2,100 | | | | 4,000 | 4,000 | | | |
| TOTAL SALES | 38,174 | 34,297 | 3,877- | 100.0 | 100.0 | 227,774 | 194,417 | 33,357- | 100.0 | 100.0 | |
| DISCOUNTS | 2,089 | 560 | 1,529- | 5.5 | 1.6 | 3,495 | 4,932 | 1,437 | 1.5 | 2.5 | |
| TOTAL SALES W/DISCOUNT | 36,085 | 33,737 | 2,348- | 100.0 | 100.0 | 224,279 | 189,485 | 34,794- | 100.0 | 100.0 | |
| TOTAL INCOME | 36,085 | 33,737 | 2,348- | 100.0 | 100.0 | 224,279 | 189,485 | 34,794- | 100.0 | 100.0 | |
| COST OF SALES | | | | | | | | | | | |
| INTERCOMPANY COST | | | | | | | | | | | |
| I/C PROGRAM | | | | | | 437 | | 437- | .2 | | |
| TOTAL INTERCO COST | | | | | | 437 | | 437- | .2 | | |
| OTHER COST | | | | | | | | | | | |
| PROGRAM | 1,214 | 1,148 | 66- | 3.4 | 3.4 | 6,141 | 6,584 | 443 | 2.7 | 3.5 | |
| SALES PROMOTION | 869- | 1,247- | 378- | 2.4- | 3.7- | 1,530- | 2,191- | 661- | .7- | 1.2- | |
| SALES TRAINING | 16 | | 16- | | | 16 | | 16- | | | |
| MY-TYME | 7,401 | 8,211 | 810 | 20.5 | 24.3 | 45,978 | 40,001 | 5,977- | 20.5 | 21.1 | |
| TELEOMETRICS | 651 | 367 | 284- | 1.8 | 1.1 | 850 | 1,979 | 1,129 | .4 | 1.0 | |
| NO-CHARGES | 1 | 103 | 102 | | .3 | 8 | 127 | 119 | | .1 | |
| WAREHOUSE CHARGES | 10,000 | 15,000 | 5,000 | 27.7 | 44.5 | 40,000 | 60,000 | 20,000 | 17.8 | 31.7 | |
| INVENTORY ADJUSTMENTS | 146 | 3 | 143- | .4 | | 136 | 90 | 46- | .1 | | |
| ROYALTIES-MRG | 26 | 21 | 5- | .1 | .1 | 141 | 136 | 5- | .1 | .1 | |
| ROYALTIES-TELEO | 1,743 | 928 | 815- | 4.8 | 2.8 | 3,387 | 5,167 | 1,780 | 1.5 | 2.7 | |
| ROYALTIES-ASSESS/OTHER | 352 | 905 | 553 | 1.0 | 2.7 | 5,013 | 4,771 | 242- | 2.2 | 2.5 | |
| COMMISSIONS-MY-TYME | 69 | 54 | 15- | .2 | .2 | 464 | 431 | 33- | .2 | .2 | |
| COMMISSIONS-AREA DIR | | | | | | 1,142 | 1,887 | 745 | .5 | 1.0 | |
| FREIGHT & HANDLING | 616 | 222 | 394- | 1.7 | .7 | 2,283 | 2,530 | 247 | 1.0 | 1.3 | |
| TOTAL OTHER COST | 21,366 | 25,715 | 4,349 | 59.2 | 76.2 | 104,029 | 121,512 | 17,483 | 46.4 | 64.1 | |

LEADERSHIP MANAGEMENT, INC.
ACTUAL COMPARED TO PRIOR YEAR

STATEMENT OF OPERATIONS

| | PRIOR | MONTH OF | | | APRIL 30 2025 | | FOUR MONTHS ENDED | | APRIL 30 2025 | | |
|-------------------------|-----------|-----------|-------------------------|-----------|------------------|-----------|-------------------|-------------------------|---------------|------------------|--|
| | | ACTUAL | A M O U N T VARIANCE | NET SALES | PERCMT ACTUAL | PRIOR | ACTUAL | A M O U N T VARIANCE | NET SALES | PERCMT ACTUAL | |
| TOTAL COST OF SALES | 21,366 | 25,715 | 4,349 | | | 104,466 | 121,512 | 17,046 | | | |
| GROSS PROFIT | 14,719 | 8,022 | 6,697 | 40.8 | 23.8 | 119,813 | 67,973 | 51,840 | 53.4 | 35.9 | |
| SELLING EXPENSES | | | | | | | | | | | |
| COMMISSIONS-SALESMEN | 395 | 1,339 | 944 | 1.1 | 4.0 | 3,379 | 5,556 | 2,177 | 1.5 | 2.9 | |
| CONTRACTED SERVICES | | | | | | 4,260 | 2,580 | 1,680 | 1.9 | 1.4 | |
| BK DFT/CREDIT CARD FEE | 2,410 | 1,142 | 1,268 | 6.7 | 3.4 | 8,303 | 6,689 | 1,614 | 3.7 | 3.5 | |
| TRVL/MEALS-GEN BUSINES | 436 | 473 | 37 | 1.2 | 1.4 | 1,442 | 1,468 | 26 | .6 | .8 | |
| CONVENTION/REGIONAL EX | 450 | 10,000 | 9,550 | 1.2 | 29.6 | 450 | 10,000 | 9,550 | .2 | 5.3 | |
| AWDS/INCENTIVES/BONUS | | | | | | 5 | | 5 | | | |
| MISC SELLING EXPENSE | | | | | | 2,126 | | 2,126 | .9 | | |
| TOTAL SELLING EXPENSES | 3,691 | 12,954 | 9,263 | 10.2 | 38.4 | 19,965 | 26,293 | 6,328 | 8.9 | 13.9 | |
| NET PROFIT ON SALES | 11,028 | 4,932 | 15,960 | 30.6 | 14.6 | 99,848 | 41,680 | 58,168 | 44.5 | 22.0 | |
| ADMIN EXPENSES | | | | | | | | | | | |
| SALARY-SALESMEN | 9,000 | 7,000 | 2,000 | 24.9 | 20.7 | 33,000 | 28,000 | 5,000 | 14.7 | 14.8 | |
| SALARY-SUPPORT | 2,850 | 3,000 | 150 | 7.9 | 8.9 | 11,400 | 12,000 | 600 | 5.1 | 6.3 | |
| PAYROLL TAXES | 1,006 | 869 | 137 | 2.8 | 2.6 | 4,854 | 5,077 | 223 | 2.2 | 2.7 | |
| EMPLOYEE INSURANCE | 649 | 613 | 36 | 1.8 | 1.8 | 2,594 | 2,449 | 145 | 1.2 | 1.3 | |
| COMMUNICATIONS | 1,077 | 386 | 691 | 3.0 | 1.1 | 4,388 | 2,518 | 1,870 | 2.0 | 1.3 | |
| DUES & SUBSCRIPTIONS | 2,472 | 1,766 | 706 | 6.9 | 5.2 | 4,347 | 4,254 | 93 | 1.9 | 2.2 | |
| SOFTWARE & EQUIPMENT | | | | | | | 203 | 203 | | .1 | |
| HEART OF TX NETWORK | 879 | 2,206 | 1,327 | 2.4 | 6.5 | 3,558 | 3,910 | 352 | 1.6 | 2.1 | |
| LEGAL & AUDITING | 900 | 2,600 | 1,700 | 2.5 | 7.7 | 1,800 | 3,500 | 1,700 | .8 | 1.8 | |
| MKTPLACE MINISTRIES | 13 | 13 | | | | 51 | 51 | | | | |
| CREATIVE BUS CONCEPTS | 1,000 | 1,000 | | 2.8 | 3.0 | 4,350 | 4,000 | 350 | 1.9 | 2.1 | |
| ABSORB | | | | | | 12,901 | 12,901 | | 5.8 | 6.8 | |
| OTHER TAXES & LICENSES | 400 | | 400 | 1.1 | | | | | | | |
| TOTAL ADMIN EXPENSES | 19,446 | 19,453 | 7 | 53.9 | 57.7 | 83,243 | 78,863 | 4,380 | 37.1 | 41.6 | |
| RENT EXPENSE | 5,400 | 5,940 | 540 | 15.0 | 17.6 | 21,600 | 23,760 | 2,160 | 9.6 | 12.5 | |
| UTILITIES | 542 | 571 | 29 | 1.5 | 1.7 | 3,223 | 3,329 | 106 | 1.4 | 1.8 | |
| JANITORIAL EXPENSE | 230 | 230 | | .6 | .7 | 1,062 | 997 | 65 | .5 | .5 | |
| BLDG MAINTENANCE | 41 | | 41 | .1 | | 174 | 10,243 | 10,069 | .1 | 5.4 | |
| PROPERTY TAXES | 128 | 149 | 21 | .4 | .4 | 325 | 849 | 524 | .1 | .4 | |
| TOTAL FACILITIES EXP | 6,341 | 6,890 | 549 | 17.6 | 20.4 | 26,384 | 39,178 | 12,794 | 11.8 | 20.7 | |
| INCOME (LOSS) FROM OPER | 14,759 | 31,275 | 16,516 | 40.9 | 92.7 | 9,779 | 76,361 | 66,582 | 4.4 | 40.3 | |
| OTHER INCOME & EXPENSE | | | | | | | | | | | |
| INTEREST EXPENSE | 429 | 420 | 9 | 1.2 | 1.2 | 1,329 | 1,811 | 482 | .6 | 1.0 | |
| GENL CONSOLIDATED MGMT | 4,500 | 4,000 | 500 | 12.5 | 11.9 | 18,000 | 16,000 | 2,000 | 8.0 | 8.4 | |
| MISCELLANEOUS INCOME | 6,681 | 5,674 | 1,007 | 18.5 | 16.8 | 7,360 | 6,219 | 1,141 | 3.3 | 3.3 | |
| TOTAL OTHER INCOME/EXP | 1,752 | 1,254 | 498 | 4.9 | 3.7 | 11,969 | 11,592 | 377 | 5.3 | 6.1 | |
| TOTAL EXPENSES | 27,726 | 38,043 | 10,317 | | | 141,561 | 155,926 | 14,365 | | | |
| NET INCOME (LOSS) | \$ 13,007 | \$ 30,021 | \$ 17,014 | 36.0% | 89.0% | \$ 21,748 | \$ 87,953 | \$ 66,205 | 9.7% | 46.4% | |

EXHIBIT B

LMI FRANCHISE AGREEMENT

ATTACHMENTS:

- Exhibit B-1 – Start-up Materials
- Exhibit B-2 – Franchise Draft Authorization
- Exhibit B-3 – Sample of Transfer Agreement
- Exhibit B-4 - Business Success System – Table of Contents
- Exhibit B-5 - Sample Promissory Note
- Exhibit B-6 – State of Minnesota Addendum Letter

**FRANCHISE AGREEMENT
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| 8. | VI. FRANCHISOR'S OBLIGATIONS |
| 9. | VII. CONFIDENTIALITY AND NONCOMPETITION |
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Exhibit B
FRANCHISE AGREEMENT

THIS AGREEMENT is made by and between LEADERSHIP MANAGEMENT, INC., a Texas corporation, (hereafter "Company") and

(Name)

(Address)

(City, State Zip)

(Hereafter "Franchisee"):

RECITALS OF FACT

Company has acquired unique experience and special skills, technique and knowledge in the field of producing, marketing, merchandising, distributing and promoting the sale of personal and professional improvement courses, training materials, testing and evaluation products, and related products. Additionally, Company, at great expense, has developed a distribution network for its products by entering into Franchise Agreements. By reason of its maintenance of the high standards of its programs and related products, Company has established a reputation of excellence and substantial public acceptance for its merchandise and has created good-will for its program and related products under the Proprietary Marks (as hereinafter defined) of Company.

Franchisee desires to acquire a franchise to market the Company's products within the geographic boundaries of the Continental United States of America as an independent Franchisee, making use of certain of the Proprietary Marks of Company as specified in this Agreement.

Company desires to establish Franchisee as a seller of Company's products within the geographic boundaries of the Continental United States of America.

In consideration of the forgoing and of the mutual covenants, terms and conditions contained in this Agreement, Company and Franchisee agree as follows:

1. DEFINITIONS

(a) "Proprietary Marks" shall mean the name "Leadership Management", the name "Leadership Management Institute", the initials "LMI", the phrase "Motivating People to Their Full Potential", all of which are registered trademarks of Company, as well as all other trademarks, trade names, services marks, logos or other commercial symbols of Company.

(b) "Company's Products" shall include those items listed from time to time in Company's most current confidential price list, as well as any items hereafter designated by Company to be sold through its Franchisees.

I. GRANT

A. Franchisor hereby grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to operate under the Marks and the System in accordance with this Agreement. Franchisee has represented to Franchisor that they have entered this Agreement with the intention to comply fully with the obligations to operate thereunder and acknowledge that Franchisor has granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance thereunder by Franchisee.

II. TERM AND RENEWAL

A. Unless sooner terminated as provided for otherwise in this Agreement, the term of this Agreement shall continue from the date the agreement is executed by LMI until the later of (i) five (5) years from the first day of the month following execution of the Agreement or (ii) at the end of any renewal period that is not exercised.

B. Franchisee may, at its option, renew the rights under this Agreement for additional consecutive terms of five (5) years each, subject to any or all of the following conditions which must, in Franchisor's discretion, be met prior to and at the time of renewal:

(1) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor under this Agreement.

(2) Franchisee shall comply with Franchisor's then-current qualification and training requirements.

(3) Franchisee shall pay to the Franchisor, at the time of renewal a \$1,500 renewal fee.

III. FEES

A. Franchisee shall pay to Franchisor an initial fee of Fifteen Thousand Dollars (\$15,000). You may pay the fee in full (lump sum) when you sign the Agreement or make a minimum partial payment of \$5,000 when you sign this Agreement and execute a promissory note for the balance of \$10,000 to be paid over three (3) years. The amount of the initial fee when and as paid shall be deemed fully earned and nonrefundable in consideration of the assistance and services provided by the Franchisor prior to the start of the business, and for its lost or deferred opportunity to grant such franchise to any other party. However, the Company will refund \$1,000 of the initial fee if the Franchisee or the designated "Operating Principal", does not complete the training within 90 days after signing the franchise agreement and is not, therefore, qualified and certified as a "Certified LEADERSHIP MANAGEMENT, INC. Operator" as set forth in the Company's qualifications and standards. The request for a refund must be submitted to the Company, by Certified Mail, within 180 days after full execution of the Franchise

Agreement. The refund will be mailed to the Franchisee within thirty (30) days of our receipt of a release of franchise rights and termination of the franchise agreement signed by the Franchisee.

IV. ROYALTIES

In addition to all other amounts required to be paid hereunder, Franchisee agrees to pay to the Franchisor for the rights granted hereunder a royalty fee. The royalty fee will equal 6 percent of the Franchisee's sales figure, less the cost of the LMI Product delivered in connection with the sale, as hereinafter defined, during the entire term of this agreement; however, this royalty is limited to a maximum of \$10,000 per year. Franchisee shall pay such royalty fees on a monthly basis by the fifteenth (15th) day of each month, based on the sales made during the preceding month. A statement of the relevant gross sales in a royalty report, in the form prescribed by the Company is to be submitted to Franchisor no later than the 8th business day of the month for the preceding month's activity reflecting gross sales for the month and shall include whatever other information and documents that Franchisor may reasonably from time to time require. Payment shall be made by pre-authorized draft of your account on the 15th of each month.

(a) The term "gross sales" as used in this agreement shall be equal to the amount actually received or receivable from all sales of every kind and nature from the Franchise, this includes facilitation fees, services rendered to clients as well as programs, testing, etc. "Gross sales" shall not include any amounts of sales tax.

(b) Franchisee agrees to keep full and complete records of its business operations, particularly sales. Every month Franchisee shall report the previous month's gross sales to Franchisor. Franchisee agrees that Franchisor may release Franchisee's sales results from its business to prospective Franchisees, however, the name and identity of the Franchisee will not be given without express approval of the Franchisee. Such periodic statements shall be submitted to the attention of Franchisor's franchise department no later than the 8th business day of the next month. At the end of each year, Franchisee shall submit to Franchisor at Franchisor's request, an audited annual certified report of gross sales and royalties or a certified copy of your tax return. Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times in order to verify gross sales that Franchisee reports as well. If an inspection reveals that gross sales, as herein defined, reported by Franchisee to Franchisor are less than actual gross sales, Franchisee shall immediately pay to Franchisor all royalty fees based on the correct gross sales. All inspections shall be at the expense of Franchisor; provided, however, if the inspection results in a discovery of a discrepancy in the gross sales reported by Franchisee of 5% or more, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection including, but not limited to, legal and accounting fees, as well as interest on the amounts owed at the highest legal rates allowed from the date payment was due.

(c) Pre-Authorized Draft for Funds Transfer. Upon execution of this Agreement and at any time thereafter as Franchisor may require, Franchisee shall execute all other documents and instruments necessary to permit Franchisor to withdraw by pre-authorized draft for funds transfer from Franchisee's designated bank account the royalty fee and other amounts owed to Franchisor on the date or dates that such amounts are due. For payments based on Gross Sales, Franchisee agrees that Franchisor may calculate the amounts due based on its review of your records or, in its discretion, on the Royalty Report for the applicable period. If the Royalty Report for the applicable period has not been received within the time period required by this Agreement, the Franchisor is hereby authorized to draft a fixed amount of \$800 on the 15th as a minimum royalty due. If information for the applicable period is subsequently received and reflects (i) that the actual amount due was more than the amount of the payment, then Franchisor shall be entitled to withdraw additional funds representing the amount of the difference, or (ii) that the actual amount due was less than the amount of the payment, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations, as applicable. Franchisee agrees that it shall be responsible for any transfer fee or similar charge imposed by the processing company, and for the amount of the payment due (plus a service charge of \$25.00) should any funds transfer not be honored for any reason.

(d) All overdue payments shall bear interest from the date due at the rate specified by Franchisor from time to time, up to the highest rate permitted by the law of the state in which the Franchised Site is located or the laws of the state of Texas whichever is higher, but in no event to exceed eighteen percent (18%) per annum. Overdue payments will be applied to Franchisee's oldest obligation regardless of any designation by Franchisee to the contrary. This interest shall accrue regardless of whether Franchisor exercises its right to terminate this Agreement due to Franchisee's default in royalty or other payments or for any other reason. The Franchisee will be charged a \$25.00 late fee for royalties not paid on time.

(e) The royalty fee is limited to a maximum of \$10,000 per year. When the Franchisee has paid the full \$10,000 in any given year, the fee will be discontinued for the remainder of the year. The royalty fee will then begin the first day of January of the next calendar year. If the Franchisee does not make enough sales to have a royalty amount of \$10,000 in any given year the deficiency does not carry over into the next year.

V. FRANCHISEE'S OBLIGATIONS:

A. Franchisee agrees to:

(1) Designate and retain at all times an individual to serve as the “Operating Principal” under the Franchise Agreement. The Franchisee may serve in that position.

The Operating Principal may, at his option, and subject to the Company’s approval, designate an individual to perform the duties and obligations of the Operating Principal described in the Agreements. The Operating Principal (or his designee, if applicable) must devote substantial full time and best efforts to the supervision and performance of the Franchise under the Agreements.

(2) The person designated will meet the standards set forth for this position, as provided in the Manuals or other written instructions. The Operating Principal (or his designee) must satisfy the training requirements stated in the Franchise Agreement.

(3) This section of the contract also provides that you will not purchase any of LMI's products from any person or entity other than LMI, any predecessor or successor of LMI or any entity which is or was wholly owned by LMI, without the express written consent of LMI. You also agree that you will not sell any other product or related services other than those marketed by LMI without the express written consent of LMI. These provisions had been added to the contract in order to enable LMI to maintain quality control of its products and services. We are the only approved supplier for all products. We do not have any purchase arrangements with any suppliers.

(4) All Franchisees are required to attend the Annual LMI National Convention unless circumstances would prevent their attendance and their absence is approved by LMI in writing.

(5) To use the “LMI” name for its Franchise and for all signage, advertising, stationary, business cards, etc., in accordance with Company’s standards for such use.

(6) To register all new clients monthly (including name, address, phone numbers, etc.) with LMI. This information is to be sent, on the form provided by LMI, along with the monthly royalty report. LMI commits to keeping this information confidential and also agrees not to use this information to compete directly with its Franchisees.

(7) Franchisee agrees that all clients registered by Franchisee shall revert to and become the exclusive property of LMI if the Franchisee terminates their Franchise Agreement. If the Franchisee transfers his/her Franchise, with approval by LMI, all clients registered to the Franchisee shall be transferred to the new Franchisee.

(8) To supply client feedback in the form recommended by LMI monthly.

(9) Comply with all of the Company's standards and specifications relating to the products used or sold at the Business.

(10) To sell or offer for sale products and services, in the manner and style required by the Franchisor. Franchisee agrees not to deviate from the standards and specifications without first obtaining written consent from the Franchisor. Franchisor shall have the right to change products and services offered by Franchisee at any time, and there are no limits on our right to make those changes.

(11) Obtain in sufficient supply and use and sell only the products that conform to our standards and specifications.

B. Franchisee may decide the prices they charge to their customers.

C. Franchisee covenants and agrees that it shall make reasonable efforts to operate the business so as to achieve optimum sales.

D. If Franchisee is a corporation or partnership, Franchisee represents, warrants, and covenants that:

(1) Franchisee is duly organized and validly existing under the state law of its formation;

(2) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(3) The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement and have been duly authorized by Franchisee;

E. Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders.

F. Franchisee shall comply with all other requirements and perform such other obligations as provided for in this Agreement.

G. Franchisee is required to set up a LMI sub site (no site set up fee will be charged) or obtain written approval from Franchisor to maintain an individual website. Franchisee may not use individual website to direct sell any product or related products of LMI.

H. Franchisee's Performance:

(1) Franchisee agrees to work conscientiously and progressively toward growth and development of the Franchise and to use discretion and judgment in enlisting and training new sales representatives. Franchisee shall carefully supervise sales personnel, search for additional avenues and fields in which to increase sales and seek any other method which will enhance the sales and acceptance of Company's products pursuant to the terms and conditions of this Franchise Agreement.

(2) After the first full calendar year beginning January 1, and during each calendar year thereafter while this Franchise Agreement is in effect, Franchisee agrees to purchase a minimum of \$2,500.00 worth of Company's products at the then current Franchisee prices as indicated in the Company's most current confidential price list.

VI. FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the following:

(1) One (1) set of Confidential Operations Manuals and such other manuals and written materials as Franchisor shall have developed for use in the business.

(2) Advice and written materials concerning techniques of managing and operating the business from time to time developed by Franchisor.

(3) To provide initial training for Franchisee and ongoing training as deemed necessary as follows:

(4) The initial fee for setting up your sub-website will be paid by us.

(5) Miscellaneous marketing supplies.

VII. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

(a) It is understood and agreed that Company has created substantial good-will throughout the areas in which its products are distributed, sold, and serviced. It is further understood and agreed that all of the products made available to Franchisee are copyrighted and that no person, firm, corporation or organization, including Franchisee, has any right whatsoever to reproduce, copy or imitate any portion or part of any of Company's products, nor any right to aid or assist others in reproducing, copying or imitating any portion or part of any of Company's products.

(b) Franchisee understands and agrees that he/she will come into possession of certain of Company's trade secrets concerning the manner in which it conducts business, including, but not necessarily limited to: all confidential lists of Company's franchisees and franchisee organizations (including names, addresses and phone numbers); all material contained in the Company's sales training and management training manuals, customer lists,

computer programs related to testing; and Company materials clearly marked or labeled as trademarked or trade secrets most particularly as applicable to methods of operations, or confidential practices. These trade secrets will be kept confidential by the Franchisee. Upon termination of this Agreement, Franchisee will not use, sell, teach, train or disseminate in any manner to any other person, firm, corporation or association any trade secret pertaining to Company's business and/or the manner in which it is conducted.

(c) The agreements, covenants and conditions contained in this Paragraph 7 are the essence of this Agreement, and Company would not appoint Franchisee in the absence of such agreements, covenants and conditions. In consideration of the agreements, covenants and conditions of this Paragraph 7 made by Franchisee, Company agrees to train Franchisee in the use of the methods which it has developed at much expense for operating a Franchise and entrust to Franchisee Company's trade secrets and confidential information pertaining to the business of Company. Franchisee expressly agrees that utilization of such training and such information in competition against Company during the term of this Agreement, and for a reasonable period thereafter, would be unfair to Company and would result in irreparable damage to Company. Franchisee further covenants and agrees that upon termination of this Agreement, for any reason, Franchisee will not, for a period of two (2) years thereafter, directly or indirectly, do any of the following acts within 100 miles of any area in which Franchisee or Franchisee's sales representatives have made any sale of Company's products:

(i) Sell or offer for sale any form of recordings, cassettes, courses, or products similar to LMI's; nor shall Franchisee aid or assist others in doing so.

(ii) Induce or attempt to induce any of Company's Franchisees, employees, sales representatives or sales directors to terminate their association with Company for any reason whatsoever.

(iii). After termination, you shall cease using LMI's confidential franchise and/or affiliate list of names, addresses, phone numbers, fax numbers and email addresses in any business activities.

(d) In the event that non-competition covenants contained in this Paragraph 7 are held by any court or other constituted legal authority to be void or otherwise unenforceable in any particular area or jurisdiction, Franchisee and Company agree that this Agreement will be considered amended and modified so as to eliminate from the Agreement the particular areas or jurisdictions which hold the non-competition covenants of this Paragraph 7 to be void or otherwise unenforceable. With respect to all other areas and jurisdictions covered by this Agreement, the terms and provisions of the Agreement shall remain in full force and effect as originally written.

(e) In the event that any non-competition covenant in this Paragraph 7 is held by any court or other constituted legal authority to be effective in any particular area or jurisdiction, only if such covenant is modified to limit its duration, scope or area, Franchisee and Company agree to consider such non-competition covenant to be amended and modified with respect to that particular area or jurisdiction so as to comply with the order of any court or other constituted legal authority. As to all other areas or jurisdictions, the non-competition covenant shall remain in full force and effect as originally written.

(f) Franchisee agrees that the non-competition covenants contained in this Paragraph 7 shall be assignable by Company to any person, firm, corporation or organization.

(g) Franchisee agrees that damages or other legal remedies for breach of the covenants and agreements of this Paragraph 7 would be inadequate for Company. Franchisee further acknowledges and agrees that breaches of the covenants and agreements of this Paragraph 7 would cause serious and irreparable injury to Company. Franchisee understands that in the event of any breach of the covenants and agreements of this Paragraph by Franchisee, Company will apply to a court of competent jurisdiction for an injunction ordering Franchisee to discontinue all activities which violate the covenants and agreements of this Paragraph 7 in addition to any other rights or remedies available to Company.

VIII. FRANCHISEE ACTIVITY AND COMPANY POLICY CONCERNING INCOME PROJECTIONS AND EARNINGS CLAIMS

(a) It is Company's policy not to make income projections or earnings claims of any nature to prospective Franchisees. By execution of this Agreement, Franchisee acknowledges that neither income projections nor earnings claims of any nature have been made by Company.

(b) Franchisee warrants:

(i) That the Company has not made any statement or implied that all of its Franchisees are uniformly successful.

(ii) That the Company has fully explained the degree of effort required to sell the Company's products; and

(iii) That he or she is in good health and able to devote his or her time and energy to the operation of this Franchise.

IX. RELATIONSHIP OF PARTIES

(a) Franchisee is not and shall not be deemed to be the agent or legal representative of Company or any subsidiary of Company for any purpose whatsoever and shall for all purposes be deemed an independent contractor. Franchisee shall have no authority to create or assume in the name of Company, or any subsidiary of Company, any obligation of any nature whatsoever, expressed or implied. Company shall have no authority to act as agent for Franchisee for any purpose whatsoever. Franchisee shall not accept payments from any party upon any obligation due to Company or any subsidiary of Company. Company shall not attempt to influence the means by which sales of its products are made by Franchisee, the manner in which the business of Franchisee is conducted, or similar matters, except as expressly provided in this agreement.

(b) Franchisee assumes full responsibility and liability for all sales and distributions of Company's products through Franchisee. Franchisee assumes all responsibility and liability for collection and payment of sales and/or use taxes on sales made by Franchisee and agrees to indemnify and hold Company, its officers, directors, employees, agents and affiliates harmless from any claim or liability for such taxes. Franchisee assumes full responsibility for the placement and payment to the Company for all orders for products, sales promotion and training materials.

(c) Franchisee agrees that they are responsible for payment of any and all state and federal taxes (i.e., income tax, franchise tax, sales and use tax, etc., that are applicable to their own entity in the state in which they operate).

X. MARKS

A. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

B. Franchisee expressly understands and acknowledges that:

(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and the symbolized by them.

(2) Franchisee shall not take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade names, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the business and only at or from its approved location.

(3) Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

(4) Franchisor reserves the right to substitute different Marks for use in identifying the System and the business if Franchisor's current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.

C. With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee further agrees that:

(1) Unless otherwise authorized or required by Franchisor, Franchisee shall identify, operate, and advertise the business exclusively under the name "LMI" and/or Leadership Management Institute in accordance with the System and related standards and specifications. Franchisee shall not use the Marks as part of its corporate or legal name and shall obtain the Franchisor's approval of such corporate or legal name prior to filing it with the applicable state authority.

(2) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the business as Franchisor may designate in writing.

D. Franchisee shall notify Franchisor immediately by telephone and thereafter in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and Franchisee shall not communicate with any person other than Franchisor or any designated person in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, or to delegate control to any of its affiliates of, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks (including settlement amounts), provided that the conduct of Franchisee with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

XI. DEBTS, TAXES AND GOVERNMENT REGULATIONS

A. Franchisee shall promptly pay when due all taxes, levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business under this Agreement. This does not apply to disputed taxes.

B. Franchisee shall comply with federal, state, and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business.

C. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the business.

XII. ADVERTISING

It is acknowledged by Franchisee that any advertising that Franchisee may use will affect the value and acceptance of the Proprietary Marks and Company's products. Accordingly, Franchisee agrees that only those Proprietary Marks reflected in Paragraph 10

of this Agreement will be used in any Franchisee advertising, and that such use will be made only in the manner specified in Paragraph 10 of this Agreement. Company assumes no responsibility for any advertisement made by Franchisee. Franchisee agrees to abide by all ordinances, laws, statutes, and government regulations applicable to Franchisee's advertising. Franchisee will indemnify and hold Company, its officers, directors, employees, agents and affiliates harmless from any and all claims or demands in any way associated with any Franchisee advertising, including all costs and expenses of defending such claims, including reasonable attorney's fees.

XIII. TRANSFER OF FRANCHISE

(a) Franchisee shall have the right to sell or assign all or any portion of this Franchise with the prior written approval of Company, which will not be unreasonably withheld by Company. If Franchisee desires to sell or assign all or any portion of this Franchise, Franchisee will notify Company in writing at least thirty (30) days prior to the date of the intended sale or assignment. Franchisee agrees to comply with any and all ordinances, statutes, laws, and/or government regulations applicable to the sale, transfer or assignment of this Franchise. Any proposed transfer shall be further subject to the satisfaction of the following conditions:

(i) Any such transfer shall be conditional upon the transferee being of good moral character and reputation, satisfactory credit rating, and in possession of competent business qualifications.

(ii) Prior to the time of transfer, Franchisee must pay to Company a \$5,000 transfer fee.

(iii) Transferee must execute a Franchise Agreement with the Company in the then current standard form being used by Company prior to the time of transfer for this particular franchise.

(iv) Such transfer shall be conditioned upon Franchisee having fully paid and satisfied all financial obligations to Company.

(b) Company shall have the right to sell, transfer or assign all or any portion of its interest in this Franchise at any time.

(c) If Franchisee is a corporation or partnership, any proposed material change in the ownership of the Franchise shall be reported immediately in writing to Company, which shall have the right to approve such change in ownership before it becomes effective. If such change of ownership is more than a 25% change in ownership, the Company may charge a transfer fee of \$5,000 [see 13(a) (ii.) above]. The approval by Company of such change of ownership shall not be unreasonably withheld.

(d) Upon death or incapacity of Franchisee, Franchisee's estate or representative may transfer the Franchise subject to the provisions of this Paragraph 13, or Franchisee's designated successor may continue to operate the Franchise subject to Company's approval pursuant to the terms of this Paragraph 13.

(e) While Franchisor agrees not to unreasonably withhold its consent to a sale, assignment or transfer by Franchisee hereunder, consent to such transfer may be refused unless all debts of Franchisee to Franchisor or Franchisor's affiliates are paid in full.

XIV. DEFAULT AND TERMINATION

(a) Franchisee shall have the right to terminate this Agreement for any reason upon sixty (60) days written notice to Company. However, Franchisee acknowledges and agrees that no portion of the fee paid by Franchisee to Company at the commencement of the Franchise is refundable. Company will have no obligation to repurchase any of Franchisee's inventory or equipment in the event of termination.

(b) Company shall have the right to terminate this Agreement for violation of any of its terms by Franchisee after notifying Franchisee in writing of the violations of the terms of the Agreement if Franchisee fails to discontinue the violation within thirty (30) days of the written notice of violation to Franchisee by Company. After two such notices, in any consecutive twelve-month period within respect to the same violation of the terms of this Agreement to Franchisee by Company, Company shall have the right to terminate this Agreement immediately upon the third occurrence of any violation of the terms of this Agreement.

(c) Company shall have the right to terminate this Agreement after notifying Franchisee in writing of nonpayment of accounts owed to Company by Franchisee, if Franchisee fails to pay any outstanding accounts owed to Company within thirty (30) days of the notice of nonpayment to Franchisee by Company. After two such notices, in any consecutive twelve-month period within respect to the same of nonpayment to Franchisee by Company, Company shall have the right to terminate this Agreement immediately upon the third occurrence of any nonpayment of accounts owed to Company by Franchisee.

(d) Company shall have the right to terminate this Agreement for any of the following violations of the Agreement:

(i) Any adjudication of bankruptcy, appointment of a receiver, assignment for the benefit of creditors, or levy of execution directly involving Franchisee.

(ii) Conviction for or violation of any state, federal or other governmental law, statute, rule or regulation which materially affects Franchisee's ability to do business.

(e) Company shall not be limited to termination for only those reasons specifically described in this Paragraph 14, but termination for a reason or reasons other than those specified in this Paragraph 14 must be for good cause and shall be effective after sixty (60) days written notice to Franchisee.

(f) Any termination pursuant to the terms of this Paragraph 14 shall be considered effective as of the date specified in the notice of termination.

(g) Termination of this Agreement shall not extinguish any rights or release any obligations of either party under the terms of this Agreement before the effective date of such termination. In the event of termination, Franchisee expressly acknowledges and agrees that the provisions of Paragraph 14 of this Agreement will remain in effect.

(h) Franchisee acknowledges and agrees that termination of this Agreement by Company or by the Franchisee will create no obligation for Company to refund all or any part of the fee paid by Franchisee to Company at the commencement of this Franchise and that Company will not be obligated to repurchase any of Company's products in the possession of Franchisee at the time of termination.

(i) In no event shall the powers to terminate this Agreement under the terms of this Paragraph 14 be exercised capriciously by Company against Franchisee.

XV. DISPUTE RESOLUTION, MEDIATION, AND BINDING ARBITRATION

Both Franchisee and Franchisor agree and consent handling any and all disputes that might arise between them in the following manner:

A. Dispute Resolution

1. **Agreement to Use Procedure.** If any controversy or claim arising out of or relating to this Agreement or the breach thereof or the transaction embodied therein arises (“Dispute”), the parties agree to utilize the procedures described herein before commencing any legal action.
2. **Initiation of Procedure.** The initiating party shall give written notice to the other party, describing the nature of the dispute, its claim for relief and identifying one or more individuals with authority to resolve the Dispute on such party’s behalf. The other party shall have ten (10) business days within which to designate in writing one or more individuals with authority to resolve the Dispute on such party’s behalf.
3. **Selection of Mediator.** Within fifteen (15) business days from the date of designation, the parties shall make a good faith effort to select a person to mediate the dispute. If no mediator has been selected under this procedure, the parties shall jointly request a State or Federal District Judge of their choosing.
4. **Time and Place for Mediation; Parties Represented.** In consultation with the mediator selected, the parties shall promptly designate a mutually convenient time for mediation to be held in a mutually agreed upon place, such time to be no later than thirty (30) days after selection of the mediator. In the mediation, each party shall be represented by persons with authority and discretion to negotiate a resolution of the Dispute, and may be represented by counsel.
5. **Conduct of Mediation.** The mediator shall determine the format for the meetings, and the mediation session shall be private. The mediator will keep confidential all information learned in private caucus with any party unless specifically authorized by such party to make disclosure of the information to the other party.
6. **Fees of Mediator; Disqualification.** The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, consultant, expert or counsel for any party with respect to the Dispute and any related matters both during the dispute and subsequent to the dispute.

7. Confidentiality. Mediation is a compromise negotiation for purposes of Federal and State Rules of Evidence and constitutes privileged communication. The entire mediation process is confidential, and such conduct, statements, promises, offers, views and opinions shall not be discoverable or admissible in any legal proceeding for any purpose.

B. Binding Arbitration:

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, or the transaction embodied herein, which has not been resolved by the foregoing dispute resolution method shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The site for said arbitration shall be one that is mutually agreed upon by both parties, before a panel of three (3) arbitrators. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Costs related to such arbitration shall be as governed in the Administrative Fee Schedule of the Commercial Arbitration Rules.

C. Applicable Law and Jurisdiction:

This Agreement shall be governed, interpreted and construed in all respects and aspects by the law of the State of Texas, and the parties hereby agree that any legal action concerning this Agreement which is not subject to the binding arbitration clause herein shall be brought in a court of competent jurisdiction, in Texas.

XVI. MISCELLANEOUS

(a) Company and Franchisee recognize the existence of, and desire to abide by, statutory and case law prohibiting the creation of pyramid schemes or multilevel or endless chain distribution systems and the profiting by Franchisees from recruiting additional Franchisees or sales personnel without regard to product sales by such recruits. Therefore, Franchisee agrees not to sell or create sub-franchises in any way related to Company, Company's products or its business.

(b) To ensure full compliance with the terms of this Agreement, Company or its representatives shall have the right, at any reasonable business hour, to visit Franchisee's place of business, to monitor any sales or promotional efforts by Franchisee, to inspect Franchisee's books and records pertaining to any aspect of the Franchise and to contact customers of Franchisee to ascertain information concerning Company's products and related services provided by Franchisee.

(c) This Franchise is not exclusive to any area or territory. No territory is granted.

(d) Any notices required to be given under this Agreement must be in writing. Such notices shall be deemed to have been given and received when the letter containing such notice, with postage prepaid, is deposited in the United States mail. Such notices shall be given to the parties to this Agreement at the following addresses:

To Company: Leadership Management, Inc.
4567 Lake Shore Drive
Waco, Texas 76710

To Franchisee: See name and address on Page 1 of this Agreement.

Either party to this Agreement may, by giving five (5) days written notice to the other party, designate any other address in substitution of the foregoing addresses to which such notice shall be given.

(e) This Agreement shall be severable, and if any portion hereof shall be held invalid or unenforceable for any reason, the remainder shall not be thereby invalidated, but shall remain in full force and effect.

(f) Failure of either party at any time to require performance of the other party of any provision hereof shall not be deemed a continuing waiver of that provision or a waiver of any other provision of this Agreement.

(g) This Agreement constitutes the entire agreement and understanding between Company and Franchisee. Neither Company nor Franchisee shall be responsible or liable for any agreement made unless expressed in this Agreement, and this Agreement may not be modified or amended except in writing and signed by both Company and Franchisee.

(h) In the event of war, government restrictions, strikes, fires, failure or shortage of any materials, or any other conditions beyond the control of parties to this Agreement shall prevent any party from performing the obligations under this Agreement; such party is hereby released from such performance during the course of any such conditions.

(i) Descriptive headings used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(j) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the sole and only venue for any disputes which may arise between the parties shall be in Texas.

SIGNATURES

LEADERSHIP MANAGEMENT, Inc.
Executed this:

_____ Day of _____, 20__.

Randy Slechta, CEO and President

FRANCHISEE
Executed this:

_____ Day of _____, 20__.

Name

LMI Startup Materials

LMI EPL w/ MP3 (Print or Online)

LMI EPP w/ MP3 (Print or Online)

LMI ESS w/ MP3 (Print or Online)

6 Month My-Tyme Starter Set

LMI Logo Binder

LMI Canvas Bag

LMI Business Success System (Operating Manual)

QR Code Printout for My Resources Area of Website

Free enrollment into Sales Certification

Free enrollment into Facilitation Certification

Free enrollment into Fast Start School

All LMI Training Materials are available on our website and will be shown to you by your home office representative.

LEADERSHIP MANAGEMENT, INC.
FRANCHISEE DRAFT AUTHORIZATION

Account Name: _____

Office Account No.: _____

Account to be drafted for term of Franchise Agreement beginning: _____

Account will be drafted on the 15th of the month for the amount shown on the Monthly Royalty Report, which will be postmarked by the 8th of the month. If the Monthly Royalty Report is not received by the 15th, a minimum amount of \$800.00 will be drafted from the above named account on the 15th.

I, _____, certify that I am the authorized signer for above-named account. I hereby authorize LMI to draft this account for the minimum amount referenced above and/or for the variable amount as submitted on the Monthly Royalty Report form. The first draft shall occur on the date indicated and shall be drafted on or after the same day of each month thereafter.

Any changes made to this draft authorization shall be submitted by written request at least thirty (30) days prior to the next scheduled draft. There will be a \$25.00 collection fee for any returned drafts.

Signature of Account Holder
A Franchisee for LMI

Date

Please attach a voided check from this account.

This is for processing purposes only. Your account cannot be accessed.

Seller is responsible for payment of this fee; however, Seller and Buyer mutually agree that the Buyer shall assume this responsibility, and therefore, Buyer shall be responsible for paying the \$_____ fee.

THEREFORE, in consideration of the promises, covenants, warranties, representations and agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and expressed, it is agreed as follows:

(1) Upon execution hereof, Buyer will pay to LMI the sum of _____ (\$_____) as a Transfer fee and will execute a Transfer Agreement that is mutually agreed upon by LMI, Name and the Transferee.

(2) Seller contracts and agrees to transfer his/her Franchise Agreement to Buyer.

(3) Seller hereby unconditionally releases, acquits, quitclaims, and forever discharges LMI and any other person, firm, business, organization, partnership, corporation or other legal entity heretofore or hereafter legally or equitably liable or responsible for the act or omissions or other conduct of LMI and their respective past, present and future directors, officers, agents, employees, subsidiaries, attorneys, heirs, administrators, executors, legal representatives, successors, assigns, sureties and insurers, ("Released Persons") from and for and on account of any and all claims arising from any event or set of facts occurring from the beginning of the world until the date hereof, including but not limited to, any Claims arising either directly or indirectly from the Franchise Agreement and any representations made by LMI or any Released Persons.

(4) Seller hereby bargains, sells and conveys all of his/her right, title and interest in and to the Franchise Agreement to Buyer.

(5) Seller expressly agrees, acknowledges and understands that:

(a) This Agreement shall include, without limitation, a release of all liability of any nature whatsoever for any Claim caused either directly or indirectly by LMI or any Released Persons of Seller.

(b) This Agreement applies not only to Claims which have already allegedly accrued or arisen but also to any Claims or controversies of any nature whatsoever which may ever arise at any time in the future arising out of or in any way connected with, either directly or indirectly, the Franchise Agreement or any representation made by LMI or any Released Person.

(c) This is a full and complete and final release of all claims, statutory, contractual, or tortious in character or anyone acting for them.

THAT Seller and Buyer jointly notify and acknowledge to LMI that said Franchise has been transferred and conveyed by Seller and Buyer for and in consideration which is acceptable to them.

DATED AND SIGNED at _____ on the ____ day of _____,
20____

Seller –

DATED AND SIGNED at _____ on the _____
day of _____, 20____

Buyer –

In reliance upon the agreements, representations and understanding as stated above, LMI does hereby consent and approve the transfer of the Franchise.

Leadership Management, Inc.

BY: _____

BUSINESS SUCCESS SYSTEM
(OPERATING MANUAL)

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| Section 5: | ORGANIZING YOUR BUSINESS | (18 pages) |
| Section 6: | LMI MARKETING SYSTEM | (23 pages) |
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SAMPLE PROMISSORY NOTE

| | | | |
|--------------------------------------|-------------------------------------|------------------------------------|-----------------------------|
| Principal \$ 10,000 | Loan Date 04/01/12 | Maturity 03/31/15 | Loan No 01 |
|--------------------------------------|-------------------------------------|------------------------------------|-----------------------------|

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Lender: LEADERSHIP MANAGEMENT, INC.
4567 Lake Shore Drive, Waco TX 76710

Borrower: _____

Principal Amount: \$10,000 **Interest Rate:** 0% **Date of Note:** April 1, 2012

Promise to Pay. _____ ("Borrower") promises to pay to Leadership Management, Inc. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Ten Thousand and 00/100 Dollars (\$10,000.00).

Payment. Borrower will pay this loan on or before March 31, 2015. There is no Interest charged if the principal is paid in full on or before March 31, 2015. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied to the principal and any remaining amount to any unpaid collection costs and late charges. Payments in the amount of \$278 per month are due, beginning April 1, 2012 and for each month thereafter.

Prepayment: Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower making fewer payments.

Late Payments: Borrower will pay a late fee of equal to \$100.00 for each payment that is not paid within ten (10) days after its due date.

Post Maturity Rate. The Post maturity Rate on this Note is 18.000% per annum. Borrower will pay interest on all sums due after final maturity whether by acceleration or otherwise, at that rate, which will continue to accrue interest at the pre-maturity rate.

Default. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (d) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property. Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any Borrower's property on or in which Lender

has a lien or security interest. This includes the garnishment of any of Borrower's accounts with Lender. (f) Any guarantor dies or any of the other events described in this default section occurs with respect to any guarantor of this Note. (g) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired. (h) Lender in good faith deems itself insecure.

If any default, other than a default in payment, is curable, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (a) cures the default within twenty (20) days; or (b) if the cure requires more than twenty (20) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all necessary steps sufficient to produce compliance as soon as reasonably practical.

Lender's Rights. Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance of this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount. Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorney's fees. Borrower also will pay Lender all other amounts actually incurred by Lender as court costs, lawful fees for filing, recording, or releasing to any public office any instrument securing this loan. This Note has been delivered to Lender and accepted by Lender in the State of Texas. If there is a lawsuit, and if the transaction evidenced by this Note occurred in McLennan County, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of McLennan County, the State of Texas. This Note shall be governed by and construed in accordance with the laws of the State of Texas and applicable Federal laws.

General Provisions. Notice: Under no circumstances (and notwithstanding any other provisions of this Note) shall the interest charged, collected, or contracted for on this Note exceed the maximum rate permitted by law. If any part of this Note cannot be enforced, this fact will affect the rest of the Note. The right to accelerate maturity of sums due under this Note does not include the right to accelerate the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment in full so that the rate or amount of interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest, notice of dishonor, notice of intent to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or protect Lender's security interest in the collateral without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

Borrower:

BY: _____

BY: _____

Individually

To Prospective Franchisees and New Franchisees STATE OF MINNESOTA

As a matter of corporate policy, all amendments to the Franchise Agreement required by a state or other entity are made by virtue of a Letter of Addendum which is attached to and made a part of the Franchise Agreement. This addendum also applies to any language in the UFOC, which is hereby amended for a Minnesota Franchise. This supersedes any language specifically in Items 13, 17 and any other area that may be applicable.

This is such a letter as relates to Franchisees who reside in the State of Minnesota. We are hereby amending the Franchise Agreement to add the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 agreement(s) 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 Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) 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, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

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

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd.5.
- 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 order to make this Letter of Addendum a part of the Franchise Agreement, will you please sign the two original copies of this letter so that each of the two contracting parties may have file copies thereof.

Successfully and positively,

Randy Slechta
CEO and President
Leadership Management, Inc.

Franchisee

Date

LIST OF STATE ADMINISTRATORS

Commissioner of Financial Protection and Innovation
 Department of Financial Protection and Innovation
 One Sansome Ste 600
 San Francisco, CA 94104
 866/ASK-CORP

Office of the Illinois Attorney General
 Franchise Bureau
 500 South Second Street
 Springfield, Illinois 62706
 217/782-4465

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

The Office of the Attorney General
 Maryland Division of Securities
 200 St. Paul Place
 Baltimore, Maryland 21202
 410/576-7042

Consumer Protection Division
 Franchise Section / Attn: Marilyn McEwen
 670 Law Building
 Lansing, Michigan 48909
 517/373-7117 FAX: 517/335-1935

Commissioner of Commerce
 Minnesota Department of Commerce
 85 7th Place East, Suite 280
 St. Paul, MN 55102-2198
 651/296-4026 FAX: 651/297-1959

New York State Department of Law
 Investor Protection Bureau
 28 Liberty St. 21st Fl
 New York, New York 10005
 212/416-8222

North Dakota Securities Department
 State Capitol Fifth Floor
 600 East Boulevard
 Bismarck, North Dakota 58505-0510
 701/328-2910

Corporate Securities
 Department of Insurance and Finance
 21 Labor and Industries Bldg.
 Salem, Oregon 97310
 503/378-4387

Division of Securities
 233 Richmond Street, Suite 232
 Providence, Rhode Island 02903-4232
 401/277-3048

Division of Insurance
 Securities Regulation
 124 S. Euclid, Suite 104
 Pierre, SD 57501
 (605) 773-3563

State Corporation Commission
 Division of Securities and Retail Franchising
 1300 E. Main Street, 9th Floor
 Richmond, Virginia 23219
 804/371-9051 FAX: 804/371-9911

Bill Beatty, Administrator
 Department of Financial Institutions
 Securities Division
 P.O. Box 9033
 Olympia, Washington 98507-9033
 360/902-8760

Securities Division of the Department of Financial
 Institutions.
 P.O. Box 1768
 Madison, Wisconsin 53701
 608/266-3364

AGENTS FOR SERVICE OF PROCESS

| | |
|-----------------------------|--|
| California: | Commissioner of Financial Protection and Innovation (DFPI) One Sansome Street, Suite 600 San Francisco, CA 94104 |
| Connecticut: | Connecticut Banking Commissioner |
| Illinois: | Illinois Attorney General |
| Indiana: | Indiana Secretary of State |
| Maryland: | Maryland Securities Commissioner |
| Michigan: | Michigan Department of Commerce, Corporations and Securities Bureau |
| Minnesota: | Minnesota Commissioner of Commerce |
| New York: | Secretary of State 99 Washington Avenue Albany, NY 12231 |
| North Dakota: | North Dakota Securities Department |
| Oregon: | Theodore R. Kulongoski (Director of Oregon Department of Insurance and Finance) |
| Rhode Island: | Director of Rhode Island Department of Business Regulation |
| South Dakota: | Director of South Dakota Division of Insurance |
| Virginia: | Clerk of the State Corporation Commission |
| Washington: | Director of Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 (360) 902-8760 |
| Wisconsin: Administrator | Securities Division of the Department of Financial Institutions-- |

| Franchise Name | COMPANY | Address | CITY | ST | ZIP | Email Address |
|--------------------------------|--|----------------------------------|-------------------|----|-------|--|
| Phillip Lee | n/a | 10545 Spindrift Loop | Anchorage | AK | 99515 | plee.lmiak@gmail.com |
| Shasta Pryor | n/a | 31 Cavalier Drive | Pike Road | AL | 36064 | shastapryor@hotmail.com |
| Terry Hill | Leading Edge Development | 11312 East Stoney Point Court | Little Rock | AR | 72211 | hil.terrance@gmail.com |
| Lane Vastine | Strategic Leadership Development Group | 906 S. 12th Street | Rogers | AR | 72756 | alv_sldg_lmi@msn.com |
| Jon & Amy Mobley | Mobley Leadership Institute | 2633 Everest Ave. | Rogers | AR | 72758 | amymmobley@gmail.com |
| Linda & Tery Tennant | Attainment, Inc. | 9094 E. Sahuaro Drive | Scottsdale | AZ | 85260 | linda@attainmentinc.com |
| Hal Steinbeigle | n/a | 26205 S. Grapefruit Dr. | Queen Creek | AZ | 85142 | hsteinbeigle@gmail.com |
| Derrick Beernesteyn | Soaring Leadreship Development | 7097 Alvern St., Apt. D223 | Los Angeles | CA | 90045 | soaringleadershipdevelopment@gmail.com |
| William E Mullins III | WorkForceEdge, LLC | 28100 Murcia Street | Hayward | CA | 94544 | emullins@workforcedge.com |
| Mark Hanson | LMI of San Diego | 12453 Yerba Valley Rd. | Lakeside | CA | 92040 | mhanson44@gmail.com |
| Donald Sando | Strategic Results Group LLC | 1428 Via Christina | Vista | CA | 92084 | donsando@strategicresultsgroup.com |
| Michael Ford | M.P. Ford & Associates | 620 Walavista Avenue | Oakland | CA | 94610 | michaelpatrickford@gmail.com |
| Claudio & Loann Capra | Jasper Dynamic, LLC | 2701 Del Paso Rd., 130-366 | Sacramento | CA | 95835 | loanncapra@gmail.com |
| Jean Morrell | Morrell & Associates | 1357 43rd Ave, Unit 10 | Greeley | CO | 80634 | pjmorrell@comcast.net |
| Erik Barstow/Russell Disberger | Aspen Busines Group | 1401 Canal Drive | Windsor | CO | 80550 | erik@aspensbusinessgroup.com |
| Christopher M. Davis | Terrace Leadership Development, LLC | 2317 Flintridge Drive | Colorado Springs | CO | 80918 | cm.davis@outlook.com |
| Erik Barstow/Russell Disberger | Aspen Busines Group | 1401 Canal Street | Windsor | CO | 80550 | erik@aspensbusinessgroup.com |
| Scott Davis | n/a | 6712 Golden Sill Court | Castle Pines | CO | 80108 | csd.scottdavis@gmail.com |
| Mitch Tublin | Strategic Alliance Group | 120 Brookhollow Lane | Stamford | CT | 06902 | solv4u@hotmail.com |
| Mikkel Christie | n/a | 111 Willow Oak Blvd. | Bear | DE | 19701 | mikkelmbc@gmail.com |
| Stephen Daniels | Leadership Performance Group,LLC | 250 107th St. Circle E, Unit 312 | Bradenton | FL | 34212 | stephendaviddaniels@me.com |
| Richard S. Lewine | RSL Consulting Group, LLC | 3510 Oaks Way | Pompano Beach | FL | 33069 | rslewine@rslgo.com |
| Stephen P. Mitchell | Launch Leadership | 5627 Lake Shore Village Circle | Lake Worth | FL | 33463 | launchleadership@yahoo.com |
| Jack Tallman | | 222 Harbour Drive #118 | Naples | FL | 34103 | babycakestallman@centurylink.net |
| Lynette Robbins | Knowles System | 837 Bancroft Place | The Villages | FL | 32162 | Lynette@knowlessystems.com |
| Renwick Brutus | Leadership Mgmt. of West Michigan, LLC | 5 Maidenbush Ct. E | Homosassa | FL | 34446 | rbrutus@lmiresources.com |
| Tom Lawless | Lean Training and Consulting, Inc. | 108 N. Lake Cunningham Ave. | Saint Johns | FL | 32259 | tom@leantac.com |
| Steve Owens | The LEAPS Coaching Group | 3601 Gatlin Drive | Rockledge | FL | 32955 | steve.owens@leapscoaching.com |
| Bert Hernandez | LMI Tampa | 10507 Ayr Court | New Port Richey | FL | 34654 | coachberth@gmail.com |
| Stephen & Tene Kosmyna | Success Ocean Consulting | 228 Amberjack Dr., Unit 11 | Fort Walton Beach | FL | 32548 | succesooceanconsulting@gmail.com |
| Mohan Kapur | Sparc Group | 8900 Terrace Club Dr | Roswell | GA | 30076 | m_kapur@bellsouth.net |
| Kris & Elise Keropian | Rising Executives | 130 Grandchester Way | Fayetteville | GA | 30215 | keropian8@gmail.com |
| Charles & Paula Taulbee | Intrepid Organizations Unleashed LLC | 2262 Stag Run Court | Suwanee | GA | 30024 | albanycoopt@aol.com |
| Randal Langley | Langley Leadership Group, LLC | 42 Westherbrook Lane | Dallas | GA | 30157 | drllangley@gmail.com |
| Peter Mierke | OpX Solutions, LLC | 191 Old Mill Rd.,W | Richmond Hill | GA | 31324 | peter@opxsolutionsllc.com |
| Lisa Te Slaa | Precision Leadership Group, Inc. | 3121 320th Street | Hull | IA | 51239 | lisa@precisionleadershipgroup.com |
| Michael Patterson | On Track Leadership, Inc. | 800 E. NW Hwy., Ste. 700 | PALATINE | IL | 60074 | mike@ontrackleadership.com |
| Jeffrey A. Johnson | LMI Chicago Inc. | 305 Royce Woods Court | Naperville | IL | 60565 | jjohnson@lmi-chicago.com |
| Adam Gawlikowski | Applied Leadership Services, Inc. | 10224 Birchwood Circle | Highland | IN | 46323 | adamg@appliedleadershipservices.com |

| | | | | | | |
|-----------------------------|--|---------------------------------|---------------------|----|-------|--|
| Melissa Jaegle | Master Consultants, Inc. | 7301 W. Jefferson Blvd. | Ft Wayne | IN | 46804 | trj65@mclp.us |
| James E. & Lucille Jordan | Leadership Evolutions, Inc. | 63301 State Rd. 331 | South Bend | IN | 46614 | JJordan@LeadershipEI.com |
| Leslie Neinast | LeaderSystems | 214 N. Ridgewood | Wichita | KS | 67208 | leslieneinast@hotmail.com |
| Donna Craig | Leadership Resources, LLC | 14101 Parkhill Lane | Overland Park | KS | 66221 | dlkcraig@gmail.com |
| Selena Robinson | | 105 Maddox Court | Fort Know | KY | 40121 | selina.the.sunshine@outlook.com |
| Dean Allen | Vital Leadership Development | 2204 Landau Lane | Bossier City | LA | 71111 | dsallen42@att.net |
| Marc Wey | Management Tools & Resources | 307 Acton Street | Carlisle | MA | 01741 | marc@mtr.net |
| Paul Brown | Leadership Dynamics, Inc. | 9 Leominster Connector, Suite 2 | Leominster | MA | 01453 | paulb@leadershipdynamicsinc.com |
| Jonathan R. West | Chesapeake Leadership Group | 52 Davis Lane | Easton | MD | 21601 | jonwest@jonwestlmi.com |
| Edwards A. Holliday | Atlantic Leadership Group | 6276 Firethorn Lane | Clarksville | MD | 21029 | Edwards@atlanticleadershipgroup.com |
| Karen Shorey | LMI Central Illinois | 16 Westwood Drive | Ellsworth | ME | 04605 | karen@lmicentralil.com |
| Paul J. Hindelang | Results Systems Corporation | 6900 Pebble Creek Woods Dr. | West Bloomfield | MI | 48322 | paulhind@results-systems.com |
| Rod Fuller | R. Fuller & Associates | 501 East Clark Street | St. Johns | MI | 48879 | rodfuller@charter.net |
| Craig Munson | Viking Solutions | 2702 E. Martin Lake Dr., NE | Stacy | MN | 55079 | cmunson@vikingsolutionsmn.com |
| James Kabucho | Strategenesis, LLC | 622 N. Gallatin Street | Liberty | MO | 64068 | james@strate-genesis.com |
| Steve Dohner | Millennial Management | PO Box 2354 | Atlantic Beach | NC | 28512 | steve.dohner@gmail.com |
| James Esaw | n/a | 2007 Weddington Lake Dr. | Matthews | NC | 28104 | james.esaw@yahoo.com |
| Nielsen | American Inst. of Management, Inc/Revela | 1508 Leavenworth Street | Omaha | NE | 68102 | Andrea@RevelaGroup.com |
| Boyd Ober | Leadership Resources, LLC | 1248 O Street, Suite 1140 | Lincoln | NE | 68508 | boyd.ober@lrsuccess.com |
| Bob Bauerle | | 1440 Yolande Ave. | Lincoln | NE | 68521 | bob@nebraskagolf.info |
| John Dumonceaux | LMI Leadership Development LLC | 1048 N. 86th St. Court | Lincoln | NE | 68505 | jgdumonceaux@gmail.com |
| Bill Edson | Guidon Strategies, LLC | 24 Legacy Lane | Peterborough | NH | 03458 | billedson.net@gmail.com |
| Paolo Maldari | Dynamic Leadership Group, LLC | 39 Buckminster Way | Portsmouth | NH | 03801 | pmaldari.dlg@gmail.com |
| Magdy Mahmoud | Blue Start Lotus Group | 110 Squire Hill Road | Montclair | NJ | 07043 | everestleadership1@gmail.com |
| Richard & Ellen Hohmann Jr. | Innovative Leadership of Delaware Valley | 229 Lander Road | Egg Harbor Township | NJ | 8234 | rhohmann@innovativeleadershipdv.com |
| Dean Jester | Performance Management LLC | 700 Devon Road | Moorestown | NJ | 08057 | dean.jester@dhjpm.com |
| Gillian Wall | IBB Global | 365 Concord Ave., Suite C | Ewing | NJ | 8618 | gwall@ibbglobal.com |
| Roy Benavides | Executive Edge Group of Texas, Inc. | 112 Golden Rod Lane | Alto | NM | 88312 | rbenavides@gmail.com |
| Alfred J. Hawkins | Leadership Armor LLC. | 6439 Sincho Ave. NW | Albuquerque | NM | 87114 | alfredhawkins2018@gmail.com |
| Jason Klumb | LMI Impact | 2429 Colony Hills Drive | Las Vegas | NV | 89134 | klumbjm@gmail.com |
| Rudy Southwell | Institute 4 Increased Performance | 175 Huguenot St., Unit 2401 | New Rochelle | NY | 10801 | rudyfx@gmail.com |
| Akka Pratt | Pratt Leadership | 9 Echo Lake Rd. | South Fallsburg | NY | 12779 | akkapratt@mac.com |
| Bryce and Judy Harbaugh | Midwest Management Systems | 1614 Gronlund Circle | Toledo | OH | 43614 | Judy@MMSToledo.com |
| John Kieffer | The Results Group | 1214 Schneider Estates Dr. | NEW RICHMOND | OH | 45157 | jkresult@fuse.net |
| Mike Diercks | LMI of Central Ohio | 510 Forward Pass Rd | Pataskala | OH | 43062 | mike.diercks@lmi-columbus.com |
| Greg L. Thomas | Leadership Excellence Ltd. | 9714 Crows Nest Lane | Litchfield | OH | 44253 | gthomas@leadingtoday.org |
| Hubert Mussehl | Next Step Leadership | 208 S. Monroe Street | Fremont | OH | 43420 | hmussehl@yahoo.com |
| Larry Hughes | Partners in Peak Performance LLC | 9301 Cedar Lake Ave., Suite 203 | Oklahoma City | OK | 73114 | larry@thehughes-group.com |
| Alan C. Hutsinpillar | LMI of Rogue Valley | 13611 Hwy. 234 | Gold Hill | OR | 97525 | alan@remove-excuses.com |
| John Pierson | NW Business Solutions LLC | 16795 NW Cook Road | McMinnville | OR | 97128 | jpierson@opxnw.com |
| Lana Potgieter | Lighthouse Leadership Dev.&Coaching | 85 W. 5th Street | Pottstown | PA | 19464 | lana@lighthouseleadership.today |

| | | | | | | |
|-----------------------------|-------------------------------------|------------------------------|----------------|----|-------|--|
| Mike Weaver | Achievement Associates | 1016 Evergreen Road | Yardley | PA | 19067 | mike@achievement.us.com |
| Sandra Lee Graham | Progressive Leadership | 765 Arbor Dr | Red Lion | PA | 17356 | sgraham@progressiveleadership.net |
| Vincent Fazio | Keystone Leadership Group LLC | 415 S. Muhlenberg St. | Allentown | PA | 18104 | vincent@keystoneleadershipgroupllc.com |
| Neil M. Hilkert | Leadership Development Institute | 292 Main Street, Suite 283 | Harleysville | PA | 19438 | neilh@directinsight.com |
| Cynthia Corsetti | Leadership Resources | 175 Witherow Road | Sewickley | PA | 15143 | cynthia@cynthiacorsetti.com |
| Kent Frese | TeamLMI | 3500 Market St, Suite 102 | Camp Hill | PA | 17011 | kfrese@teamlmi.com |
| Frederick Guions | The Guions Group | 3751 Island Ave., Suite 300 | Philadelphia | PA | 19153 | frederick@frederickguions.com |
| Shahfar Shaari | Lead First, LLC | 2 Bangor Street | Pittsburgh | PA | 15211 | shahfar@lead-first.com |
| Jeremy P. Doran | Pinnacle Performance | 25 Eagle Street. Apt # A-107 | Providence | RI | 02908 | JDoran@Pinnacle-Performance.com |
| P. Eric Painter | Lowcountry Management Group | 104 Ashfield Place | Goose Creek | SC | 29445 | epainter33@gmail.com |
| Bob & Anne Lawrence | A & B Leadership Group | 182 Dornoch Drive | Pawleys Island | SC | 29585 | Anne@ableadership.com |
| Cindy Beutke McConnel | Leadership Results, Inc. | 45 Lookout Point | Prosperity | SC | 29127 | cindyb@leadership-results.com |
| Nancy Eichstadt | The Carolina Leadership Group, LLC | 2153 East Main Street | Duncan | SC | 29334 | neichstadt@carolinaleadershipgroup.com |
| Dick Corso/Valerie Cardenas | LMI- Midwest | 201 Coyatee Shores | Loudon | TN | 37774 | r_corso@att.net |
| Charles I. Dixon | LMI of Dallas | 12300 Ford Road Suite 140 | Dallas | TX | 75234 | SeaEye@sbcglobal.net |
| Albert G Gonzales | Optimum Management Systems | P.O. Box 87069 | Houston | TX | 77287 | albertg.gonzales@yahoo.com |
| Joe & Teresa Gonzalez | The Management Connection | 444 Carter Creek Pkwy | Bryan | TX | 77802 | joe@profacilitator.com |
| Ronald D. Stenzel | Leadership Dynamics Group | 7315 W Hearthstone Green Dr. | Houston | TX | 77095 | rons@LDGroup.biz |
| Dal Anderson | DB Anderson Group | 3419 Bridlegate Drive | Arlington | TX | 76016 | danderson-lmi@sbcglobal.net |
| Rajinder B. Lakhani | Management & Leadership Consultants | 2209 WINDY RIDGE COURT | Plano | TX | 75025 | RBLakhani@yahoo.com |
| Julie Kay Herrington | Leaders, Legends & Legacies | 7 Los Amigos | Harlingen | TX | 78552 | julie7745@outlook.com |
| Kenneth Nichols, Ph.D. | Nichols Leadership LLC | 6136 El Capitan Street | Ft. Worth | TX | 76179 | drkenneth@nicholsleadership.com |
| Reggie Scott | Reggie Scott Coaching | 2851 Tranquilo | Grand Prairie | TX | 75054 | reggie@reggiescottcoaching.com |
| Tiara Brown | Leadership Now | 430 Euleess Drive | Cedar Hill | TX | 75704 | browntiara810@gmail.com |
| Norma Hale | JourneyAh, LLC | 1917 Golden Arrow Ave. | Cedar Park | TX | 78681 | normah@journeyah.com |
| Keith Crawford | | 1415 Tuff Street | Reklaw | TX | 75784 | kicrawford11@gmail.com |
| Aasim Waheed | Achieve Leadership Solutions | 8903 Lilac Springs | Houston | TX | 77095 | aasim.waheed@achieveleadershipss.com |
| Patrick J. Below | CEO Consulting Services | 715 Hill Street, Suite 140 | Madison | WI | 53705 | patrickjbelow@hotmail.com |
| Perry Worzella | | 1036 Forest Lake Drive | Plover | WI | 54467 | pbworzella@gmail.com |

Franchisees Who Left the System as of 12/31/2024

Attachment D

| Date | Franchisee | Company Name | Address | City/State | Phone |
|-------------|-----------------------|-------------------------------|--------------------------|----------------------|--------------|
| 12/31/24 | Tauseef Irfan | n/a | 736 8th Ave.NE, Apt.#123 | Issaquah, WA | 425-647-3015 |
| 12/31/24 | Allen Raffetto | The Raffetto Group | 1324 New York Ave. | Superior, WI | 715-718-1412 |
| 12/31/24 | Michael McGrail | The McGrail Group | 1948 Hornbeck Court | Raliegh, NC | 484-318-6111 |
| 12/31/24 | Mark Hinderliter | Third Way, Inc. | 3406 Crosby Landing | Missouri City, TX | 636-812-3742 |
| 12/31/24 | Rory Sturm (Deceased) | n/a | 714 Quarterpath Lane | Colonial Heights, VA | 804-426-3700 |
| 12/31/24 | Warren McDonald | n/a | 2450 Lull Water Drive | Fayetteville, NC | 910-818-1146 |
| 12/31/24 | Angela Keeslar | Sharper Skills Leaderhip, LLC | 349 W. Kingbird Drive | Chandler, AZ | 480-235-1022 |
| 12/31/24 | Michael Gidlewski | Achievement Unlimited, Inc. | 571 Crestview Drive | West Chester, PA | 610-793-6609 |
| | | | | | |

**U.S. REGISTERED TRADEMARKS OF
THE MEYER RESOURCE GROUP, INC., LICENSED TO
LEADERSHIP MANAGEMENT, INC.**

| DESIGNATION | DATE OF REG. | CERT. NO. | USPO REGISTER |
|--|---------------------|------------------|----------------------|
| Effective Communication | 9/23/03 | 2,768,378 | Supplemental |
| Effective Management Development | 12/25/01 | 2,523,633 | Supplemental |
| Effective Motivational Management & Design | 12/12/95 | 1,940,732 | Principal |
| Effective Motivational Management | 1/9/96 | 1,946,475 | Principal |
| Effective Personal Leadership | 1/9/96 | 1,946,473 | Principal |
| Effective Personal Leadership & Design | 12/12/95 | 1,940,734 | Principal |
| Effective Personal Productivity & Design | 7/9/96 | 1,985,032 | Principal |
| Effective Personal Productivity | 8/15/00 | 2,377,807 | Principal |
| Effective Selling Strategies | 1/9/96 | 1,946,476 | Principal |
| Effective Selling Strategies & Design | 12/12/95 | 1,940,736 | Principal |
| Effective Team Development | 9/23/03 | 2,768,379 | Supplemental |
| Effective Team Dynamics | 11/14/06 | 3,172,721 | Supplemental |
| LMI, World Bar Chart, Leadership Management | 8/6/02 | 2,604,383 | Principal |
| Leadership Management & Design | 4/16/80 | 1,198,645 | Principal |
| LMI | 6/11/02 | 2,577,916 | Principal |
| ONI Organizational Needs Inventory & Design | 4/25/00 | 2,345,001 | Principal |
| Profile Evaluation System | 2/21/95 | 1,879,579 | Principal |
| The Profile Evaluation System w/Circle Arrow | 10/8/02 | 2,632,726 | Principal |
| Total Person Wheel of Life & Design | 4/15/97 | 2,052,693 | Principal |
| Effective Motivational Leadership | 6/27/96 | 3,110,776 | Supplemental |
| Motivating People To Their Full Potential | 4/12/66 | 807,083 | Supplemental |
| Effective Personal Management | 7/9/96 | 1,985,016 | Principal |
| Effective Strategic Leadership | 4/28/09 | 3,614,151 | Supplemental |
| S.M.A.R.T. Goals | 6/24/08 | 3,452,666 | Principal |
| World Bar Chart | 4/28/2020 | 6,041,414 | Principal |

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 | May 6, 2025 |
| Illinois | April 10, 2025 |
| Indiana | June 22, 2025 |
| Michigan | July 24, 2024 |
| Minnesota | July 17, 2024 |
| New York | June 5, 2025 |
| North Dakota | June 23, 2025 |
| Rhode Island | June 4, 2025 |
| South Dakota | April 10, 2025 |
| Virginia | April 1, 2025 |
| Washington | October 21, 2024 |
| Wisconsin | March 20, 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 Leadership Management, Inc., (LMI) offers you a franchise, LMI must provide this disclosure document to you at least:

- (1) Fourteen 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; or
- (2) Fourteen calendar days before a payment to LMI.

You must also receive a franchise agreement containing all material terms at least seven calendar days before you sign a franchise agreement.

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

I have received a Franchise Disclosure Document dated March 15, 2025. This Disclosure Document included the following Exhibits:

- Exhibit A - Financial Statements
- Exhibit B - Franchise Agreement
- Attachment A - List of State Administrators
- Attachment B - Agents for Service of Process
- Attachment C - List of Current Franchisees
- Attachment D - List of Franchisees who have Left the System within the Past 12 Months
- Attachment E – Proprietary Marks

Dated: _____

_____ Individually or as an Officer

of _____

You should return one copy of the signed receipt either by signing, dating and mailing it to Leadership Management, Inc. at 4567 Lake Shore Drive, Waco, TX 76710, or by emailing a copy of the signed receipt to Leadership Management, Inc. at TStigliano@lmi-usa.com or SDalton@lmi-usa.com.

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 Leadership Management, Inc., (LMI) offers you a franchise, LMI must provide this disclosure document to you at least:

- (1) Fourteen 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; or
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_____ Individually or as an Officer

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