



**Josh Piper**  
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June 6, 2025

**VIA MINNESOTA WEB PORTAL**

Ryan Buonamia  
Minnesota Department of Commerce  
Registration Division (Franchises)  
85 7th Place East, Suite 280  
St. Paul, MN 55101

Subject: Stevenstone Inc.  
New Creations Franchise  
Initial Franchise Registration Application  
Submission #: 33579-202504

Mr. Buonamia:

We received your Deficiency Notification dated May 16, 2025 regarding the above-referenced application, and we respond as follows:

1. The FTC cover page has been revised to align with amounts listed in Item 5, without alteration, adjustment, or explanation.
2. The Special Risks page has been revised to include the Supplier Control risk factor.
3. Stevenstone Inc. agrees to defer payment of initial franchise fees from Minnesota franchisees until the franchise is open for business.

Enclosed are blacklined pages of the FDD, marked to show all changes from the version last filed with your office, along with a complete clean of the revised FDD.

If you have further comments or questions regarding this application, please contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Josh Piper', is written over a light blue circular highlight.

Josh Piper

Enclosures

# MARKED PAGES



## FRANCHISE DISCLOSURE DOCUMENT

STEVENSTONE INC.  
a Washington corporation  
13215 SE Mill Plain Blvd, Suite C8 #504  
Vancouver, Washington 98684  
Office Phone – 1-888-RECOLOR  
contact@newcreations.com  
www.newcreations.com

We offer franchises for the operation of businesses offering specialized mobile restoration and repair services under the name “NEW CREATIONS.”

The total investment necessary to begin operation of a NEW CREATIONS franchised business is \$100,824 to \$322,274. This includes \$88,53488,000 to \$212,034212,500 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact our Franchise Sales Director, Steve Valentine, by phone at 509-994-6672 or email at svalentine@newcreations.com.

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

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

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

Issuance Date: March 28, 2025

## Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration only in Whatcom County or King County, Washington. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in Washington than in your own state.
2. **Franchisor's Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **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.

## ITEM 1. The Franchisor, and any Parents, Predecessors, and Affiliates

To simplify the language in this disclosure document “Stevenstone,” “us,” “our” and “we” means Stevenstone Inc., a Washington corporation, the Franchisor. “You” means the entity that buys a franchise, and includes your owners.

### The Franchisor, its Predecessors, Parents and Affiliates

Stevenstone Inc. was formed on March 20, 2017. Our principal business address is 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684. We conduct business under our corporate name and under the name NEW CREATIONS. We grant franchises to qualified candidates in the United States for the operation of franchises (the “Franchised Business”) using the System and identified by the name NEW CREATIONS and have offered these franchises since February 2019. We have no other business activities, do not operate businesses of the type being franchised, and do not offer franchises in other lines of business. We have no parents required to be disclosed in this disclosure document.

On June 1, 2016, L&H Stevenson Enterprises Inc., a British Columbia corporation formed in July 2007, and New Creations Mobile Restorations Inc., formerly known as New Creations Repairs & Dyeing, a British Columbia corporation formed in 1993, amalgamated as one company under the name New Creations Mobile Restorations Inc. (“New Creations Mobile”). New Creations Mobile has a principal place of business at ~~#12—1833 Coast Meridian Road~~34A – 2755 Lougheed Hwy, Suite518, Port Coquitlam, BC ~~V3C 6G5~~V3B 5Y9 Canada. New Creations Mobile owns the System and related marks, including the trademark “NEW CREATIONS,” and its related design, and licenses them to us for our exclusive use and sublicensing in the United States. New Creations Mobile, through its principals and predecessors, has conducted and engaged in this line of business since 1989, and has been franchising in Canada since 1997. New Creations Mobile does not offer franchises in the United States and does not offer franchises anywhere in any other line of business.

Our affiliate, Larry Stevenson Holdings Inc. (“LSH”), is a British Columbia corporation formed on April 21, 2016 and has a principal business address of ~~#12—1833 Coast Meridian Road~~34A – 2755 Lougheed Hwy, Suite518, Port Coquitlam, BC ~~V3C 6G5~~V3B 5Y9 Canada. LSH owns a 50% interest in us. LSH conducts no other business activity and does not offer franchises in any line of business.

Our affiliate, New Creations USA, LLC (“New Creations U.S.”) is a Washington limited liability company formed on January 15, 1998 and has a principal business address of 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684. New Creations U.S. is wholly-owned by David and Kelly Stone, who own a 50% interest in us. New Creations U.S. has operated businesses of type being franchised since 2000. New Creations U.S. conducts no other business activity and does not offer franchises in any line of business.

Our agents for service of process are disclosed in Exhibit D to this disclosure document.

### The System

The New Creations system is a unique method for the mobile repair and restoration of surface materials and items generally found in automobiles, recreational vehicles, airplanes, and boats, as well as restoration and repairs in homes, offices, public buildings, restaurants, and other premises (the “System”). The System includes a uniform business format, standardized equipment and methods, designs and materials, and a marketing programs under the trademark “NEW CREATIONS” and related marks (collectively, the “Marks”).

You must also purchase from us or our affiliate a Start-up Kit for \$23,000. The Start-up Kit currently includes a Leather Kit, Vinyl Kit, Fabric Kit, Windshield Kit, Wood Kit, Furniture Kit, Stainless Steel Kit, Tub and Tile Kit, tool boxes and miscellaneous tools, and clothing and promotional items. ~~This amount is~~ You may purchase additional equipment, supplies, inventory and signage as you may need, and the cost ranges from \$0 to \$1,000. These amounts are not refundable.

**ITEM 6. Other Fees**

**OTHER FEES**

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Royalty</b>	7% of Gross Sales. See Note 1.	Monthly on the 10th day of each month	Paid by electronic funds transfer.
<b>Advertising Fund</b>	Up to 2% of monthly Gross Sales	Same as Royalty	We may in the future establish an Advertising Fund. If we establish such Fund you must contribute up to 2% of your monthly Gross Sales.
<b>Refresher Training Courses</b>	\$750 per day per person	Two weeks before commencement of training	You must pay our fee for each person that attends training. We may require you and any of your employees to attend refresher training for not more than two weeks once per year.
<b>Insurance</b>	As required	As incurred	If you fail to obtain required insurance, we may obtain insurance on your behalf and you must reimburse us for such cost.

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
h.	Trademarks and proprietary information	8; 9	Items 13 and 14
i.	Restrictions on products/services offered	2.3; 4(c); 4(n)	Items 8 and 16
j.	Warranty and customer service requirements	4(i); 4(j); 4(p); 18.7	Item 11
k.	Territorial development and sales quotas	Not Applicable	Items 6 and 12
l.	Ongoing product/service purchases	2.3	Not Applicable
m.	Maintenance, appearance and remodeling requirements	2.5; 2.7	Item 11
n.	Insurance	4(d) - 4(g)	Item 7
o.	Advertising	6	Items 6 and 11
p.	Indemnification	9.7; 14	Item 6
q.	Owner's participation/management/staffing	3.3; 4(a); 11.3(a)	Item 15
r.	Records and reports	7	Item 11
s.	Inspections and audits	4(m); 7.3	Items 6 and 11
t.	Transfer	12	Item 17
u.	Renewal	1.3	Item 17
v.	Post-termination obligations	1.2; 10; 1.2; 11.5	Item 17
w.	Non-competition covenants	1.2; 11	Item 17
x.	Dispute resolution	18.6	Item 17
y.	Other (guarantee)	1.5	Item 15

Notes:

- (1) All ~~directors, officers,~~ shareholders, partners, or members of an entity franchisee shall each be required to sign an agreement guaranteeing the financial performance of the Franchisee under the Franchise Agreement. See Exhibit F to this disclosure document.

## **ITEM 10. Financing**

We do not offer direct or indirect financing. We do not guarantee any debts, leases or other obligations for you.

## **ITEM 11. Franchisor's Assistance, Advertising, Computer Systems, Training**

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

- A. Before you open your business, we will:
1. designate a protected Territory (Franchise Agreement, Section 1.2);
  2. provide an initial training program for up to two of your representatives (Franchise Agreement, Section 3.1);

### **ITEM 15. Obligation to Participate in the Actual Operation of the Franchise Business**

We require that your Franchised Business be under the direct supervision at all times of a manager or trained and competent employee when your manager is absent due to illness, vacation or other similar cause. You must keep us informed of the identity of the employee acting as manager. During the term of the Franchise Agreement, you and your owners are prohibited from directly or indirectly being involved with any business competitive with or similar to the Franchised Business (namely a business involved in providing restoration services), unless you receive our prior written approval.

There is no requirement that your manager own equity in the franchisee or the Franchised Business. We may request that you cause your employees and subcontractors to sign a form of confidentiality agreement approved or provided by us.

All your ~~directors, officers,~~shareholders, partners or members must guarantee personally all your obligations to us under the Franchise Agreement, including confidentiality and non-competition covenants. A copy of our current form of Guarantee is attached as Exhibit F.

### **ITEM 16. Restrictions on What the Franchisee May Sell**

You must operate the Franchised Business and perform all services in accordance with the operating guidelines and quality standards that we establish. You may only sell the products and services approved by us. We have the unlimited right to change the types of authorized goods and services. You may not solicit for customers or services outside of your Territory, but you may provide services outside of your Territory if you pay outside-territory fees.

### **ITEM 17. Renewal, Termination, Transfer, and Dispute Resolution**

**This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.**

#### **THE FRANCHISE RELATIONSHIP**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the Franchise term	1.1	10 years.
b.	Renewal or extension of the term	1.3	One 10 year term.

**Table No. 1B**  
**System-wide Outlet Summary (Canada)**  
**For years 2022-2024**

Outlet Type	Year	Franchised Businesses at the Start of the Year	Franchised Businesses at the End of the Year	Net Change
Franchised (Canadian)*	2022	39	40	+1
	2023	40	42	+2
	2024	42	<del>42</del> <u>43</u>	<del>0</del> <u>+1</u>
Company-Owned (Canadian)**	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
<b>Total Canadian Outlets</b>	<b>2022</b>	<b>40</b>	<b>41</b>	<b>+1</b>
	<b>2023</b>	<b>41</b>	<b>43</b>	<b>+2</b>
	<b>2024</b>	<b>43</b>	<b><del>43</del><u>44</u></b>	<b><del>0</del><u>+1</u></b>

\* These businesses are franchised in Canada by our affiliate, New Creations Mobile Restorations Inc.

\*\* This business is owned and operated by New Creations Mobile Restorations Inc.

**Table No. 2A**  
**Transfers of U.S. Outlets from Franchisees to New Owners**  
**(other than the Franchisor)**  
**For years 2022-2024**

State	Year	Number of Transfers
Washington	2022	2
	2023	2
	2024	1
Other States	2022	0
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>2</b>
	<b>2023</b>	<b>2</b>
	<b>2024</b>	<b>1</b>

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

Province	Year	Number of Transfers
British Columbia	2022	0
	2023	0
	2024	0
Ontario	2022	1

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets Operating at End of the Year
	2024	2	1	0	0	0	0	3
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Washington	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	1*	4
	2024	4	1	0	0	0	1**	4
Other States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Total	2022	3	3	0	0	0	0	6
	2023	6	8	0	0	0	1	13
	2024	13	7	0	0	0	1	19

\* Franchise was transferred to new owner in Indiana who was not yet operating at year end 2023.

\*\* Olympia franchisee is inactive and attempting to sell

**Table No. 3B**  
**Status of Canadian Franchised Outlets\***  
**For years 2022-2024**

Province	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alberta	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
British Columbia	2022	13	1	0	0	0	0	14
	2023	14	0	0	0	1**	1**	13
	2024	13	0	0	0	0	0	13
Manitoba	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Brunswick	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nova Scotia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Ontario	2022	11	0	0	0	0	0	11
	2023	11	3	0	0	0	0	14
	2024	14	0	0	0	0	0	14
Prince Edward Island	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Saskatchewan	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

Province	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Total	2022	39	1	0	0	0	0	40
	2023	40	3	0	0	0	1	42
	2024	42	01	0	0	0	0	4243

\* These businesses are franchised in Canada by our affiliate, New Creations Mobile Restorations Inc.

\*\* Nelson franchisee ceased operating business then sold rights to territory back to the franchisor.

**Table No. 4A**  
**Status of U.S. Company-Owned Outlets\***  
**For years 2022-2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Washington	2023	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

\* This business is owned and operated by our affiliate, New Creations USA, LLC.

**Table No. 4B**  
**Status of Canadian Company-Owned Outlets\***  
**For years 2022-2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
British Columbia*	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

\* This business is owned and operated in Canada by our affiliate, New Creations Mobile Restorations Inc.

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

STATE	AGREEMENTS SIGNED BUT BUSINESSES NOT OPEN	PROJECTED NEW FRANCHISEES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED LOCATIONS IN NEXT FISCAL YEAR
Arizona	0	1	0
California	0	2	0
Colorado	1	1	0

## EXHIBIT A

### NEW CREATIONS Franchisees

#### OPERATING U.S. FRANCHISEES as of December 31, 2024:

State	Franchisee Corporation	Contact Name	Address	Phone Number	Franchise Area
AK	Breasais Restorations LLC	Chris Brennar	2835 Marathon Way Unit1 North Pole AK 99705	907-385-9248	Fairbanks
ID	KLN Ventures Inc	Ken Payne	5313 Willean Ln, Eagle, ID 83616	208-985-3605	Boise
IN	Querencia LLC	Keith & Kevin Espirito	238 E St Joseph St Indianapolis IN 46202	253-951-3655	Indianapolis North
MI	Galliani & Associates LLC	Kieth Galliani	2323 Van Buren St Hudsonville MI 49426	757-303-6953	Grand Rapids
NE	RenovaChristi Inc.	Joe Howell	11908 Jackson Rd Omaha NE 68154	402-598-1902	Omaha
NE	Flush with Crackers LLC	Tyler McClymont	204 W 14 <sup>th</sup> Ave Holdrege NE 68949	308-999-7933	Holdrege
NM	Dos Burros LLC	Gary & Erin Looft	1 Shilo Road Santa Fe NM 87508	505-395-2700	Santa Fe
SC	SMLM Enterprises LLC	Stu Mills	450 Cypress Springs Way, Little River, SC 29566	847-788-9307	Coastal Carolina
SC	GGOC LLC	Lino Innocenzi	212 Belgrave DR Blythewood SC 29016	564-201-9281	Columbia
SC	CGH Enterprises Inc	Gregory Howarth	103 Chandler Crest CR Greer, SC 29651	864-569-9184	Upstate
TN	LKR Restoration LLC	Lex Ryan	230 Spring Meadows Dr Ringgold, GA 30736-8904	432-668-1267	Chattanooga TN
TX	D&MW Enterprise LLC	David & Danielle Watson	2647 Calmwood Drive Little Elm TX 76058	214-734-8479	Dallas
TX	Micol Property Solutions LLC	Eric Puls	6347 Bain Dr Missouri City TX 77459	832-810-2427	Houston West
TX	All in Him LLC	Joseph Robida	5812 Pescia Round Rock TX 78665	512-887-2953	North Austin
VA	Muller Enterprises Inc	Mike Muller	214 Loch Haven Dr Williamsburg, VA, 23188	804-519-2428	Williamsburg
WA/ID	DPG Enterprises LLC	Dennis Garvie	6703 E 7 <sup>th</sup> Ave, Spokane Valley, WA 99212	509-230-0574	Spokane Valley / Coeur d'Alene
WA	JQW International LLC	Darren Isaacs	5204 N Elm St, Spokane, WA 99205	509-608-8046	Spokane
WA	New Creations of South Seattle LLC	JD Hartman	<del>4318 E Sorel Ave, Spokane 10415</del> 43rd St. Ct. East, Edgewood, WA 9921798372	509-418-8412	South Puget Sound
WA	Blanco Interiors LLC	Nick White	748 Market St #2, Tacoma, WA 98402	253-656-0850	Tacoma, WA

Prov.	Franchisee Corporation	Contact Name	Address	Phone Number	Franchise Area
ON	1976951 Ontario Inc.	Mark Jacobi	871 Norfolk County Road 19, Wilsonville, Ontario N0E1Z0	(519) 861-0470	Brantford / Norfolk
ON	1000021160 Ontario Inc.	Bruce Shields	16 Selby Street Cookstown ON L0L1L0	647-384-9483	Barrie
ON	2711882 Ontario Inc.	Chris Boere	26 Monte Vista Cres. London, ON N6J 4N9	519-652-1566	London
ON	MacLennan Studios Inc.	Rob MacLennan	5628 Whitewood Avenue Ottawa, ON K4M1E1	(613) 601-4667	Ottawa
ON	2449488 Ontario Inc.	John Williamson	30 Regatta Cr. Whitby, ON L1N 9V2	(905) 922-7503	Whitby / Oshawa / Pickering / Ajax
ON	Visi Consulting	Johan & Duessa Du Plooy	26 John Street Thornhill ON L3T1X8	647-272-0713	Vaughan/ Richmond Hill
ON	1000015442 Ontario Limited	Steve Raetsen	81 Eastwood Road Toronto ON M4L2C7	416-454-2324	Scarborough ON
ON	1000021160 Ontario Inc.	Bruce Shields	16 Selby Street Cookstown ON L0L1L0	647-384-9483	Etobicoke ON
ON	1000078050 Ontario Inc	Dave van der Vinne	42 Karen Avenue Guelph ON N1G2N9	519-835-0707	Waterloo/Kitchener ON
ON	10921149 Canada Inc.	Prashanth Ebenezer	23 Circus Cres Brampton, ON L7A 5E3	647-648-6216	Mississauga East
ON	11732978 Canada Inc.	AJ Marshall	23 Victoria St, Stirling, ON, Canada K0K 3E0 P.O box 522	343-809-6901	Belleville / Trenton
ON	Whitehead Restoration and Consulting Ltd.	Todd Whitehead	393 Denis Crescent, Azilda, Ontario, Canada, P0M 1B0	705-562-3372	Sudbury
ON	2580166 Ontario Inc.	Fab Cicchelli	878 Shepherd Place Milton, ON L9T 6L9	647-548-7558	Burlington
ON	2657341 Ontario Inc.	Manu Sharma	70 Thorntree Cres Brampton ON L6Y 3X9	587-930-4335	Oakville
ON	<u>1000853902 Ontario Inc.</u>	<u>Nathanael Masters</u>	<u>18 King St East, Forest, ON N0N 1J0</u>	<u>519-328-2069</u>	<u>Sarnia/Lambton</u>
PEI	John Walsh New Creations Incorporated	John Walsh	15 Livingston Cres. Cornwall PE C0A 1H4	(902) 213-5600	Charlottetown, PEI
SK	Tiffin Enterprise Ltd.	Galen Tiffin	102 Jabush Rd RM of Aberdeen SK S7A 0A6	639-365-1337	Saskatoon
SK	102118155 Saskatchewan Corp.	Jason Salmon	Box 1223 300 Elgin Cres Lumsden S0G3C0	306-527-1901	Regina

### CANADIAN PART-TIME AREAS as of December 31, 2024

Prov.	Franchisee Corporation	Contact Nam	Address	Phone Number	Franchise Area
NB	Hannan's Mobile Services	Marc Hannan	1265 Johnston Ave., Bathurst, NB E2A 3T4	(506) 544-5445	Bathurst / Miramichi



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## NEW CREATIONS FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between, **STEVENSTONE INC.**, a Washington corporation (“Franchisor,” “we,” “us” or “our”), and [**FRANCHISEE NAME**], a [state] [entity type] (“Franchisee,” “you” or “your”).

### ARTICLE 1 GRANT OF FRANCHISE

1.1 Grant and Term. Subject to the provisions of this Agreement, the Franchisor grants to the Franchisee the right to operate a Franchised Business in the Territory using an approved Vehicle, and a non-exclusive license to use the Marks in the operation of the Franchised Business for a term of ten years.

1.2 Exclusivity. Except as otherwise provided in this section, the Franchisor will not, so long as this Agreement is in effect and the Franchisee is not in default under any of its terms, directly or indirectly operate or grant to any other person a franchise to operate a Franchised Business within the Territory.

1.3 Renewal. If the Franchisee has complied with all of the terms and conditions of this Agreement and any other Agreement between the Franchisee and the Franchisor and its affiliates, and is in compliance with the operating standards and criteria established for the Franchised Business, the Franchisee shall have the option to renew the franchise granted under this Agreement for one renewal term of ten years. Such renewal shall be without payment of a renewable initial franchise fee but shall be subject to the following terms and conditions:

- (a) The Franchisee shall agree to make such capital expenditures as may be reasonably required to renovate and modernize the Vehicle, signs and equipment so as to reflect the then-current image of the System and vehicles at the time of the renewal.
- (b) The Franchisee must have the right to remain in possession of the Vehicle, or a replacement Vehicle, for the renewal term.
- (c) The Franchisee shall pay the Franchisor a \$10,000 renewal fee.
- (d) The Franchisee shall give the Franchisor written notice of its desire to exercise the option herein granted to continue as a Franchisee not less than 12 months prior to the expiration of the initial term of this Agreement.
- (e) At the commencement of the renewal term, the Franchisee shall enter into the Franchisor’s then-current form of Franchise Agreement.

1.4 Franchisee Entity; Guarantee. The Franchisee must at all times be a business entity, such as a corporation or limited liability company. Regardless of the business form the Franchisee operates under, all of the ~~directors, officers,~~ shareholders, partners or members of the

proposed transferee. In addition, the Franchisor shall be entitled to require as a condition precedent to the granting of its consent that:

(a) There shall be no existing default in the performance or observance of any of the Franchisee's obligations under this Agreement or any other agreement with the Franchisor or any affiliates or suppliers thereof;

(b) The Franchisee shall have settled all outstanding accounts with the Franchisor, its affiliates and all other trade creditors of the Franchised Business;

(c) The Franchisee shall have delivered to the Franchisor a release of the Franchisor, its directors and officers, its affiliates, and the directors and officers thereof from all obligations under this Agreement of any such persons except with respect to these claims which cannot be released at law, in form satisfactory to counsel for the Franchisor;

(d) The proposed transferee shall have entered into an agreement with the Franchisor assuming and agreeing to discharge all of the Franchisee's obligations under this Agreement or, at the option of the Franchisor, shall have executed a new franchise agreement and shall have executed such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises;

(e) All equity holders (both legal and equitable), members, partners, ~~managers, directors and officers~~ shareholders of the assignee entity as directed by the Franchisor shall execute the Franchisor's then-current form of guarantee whereby they shall jointly and severally guarantee performance of this Agreement by the entity;

(f) The proposed transferee and its employees responsible for the operation of the Franchised Business must satisfactorily complete the Franchisor's training program then in effect for all new franchisees, and pay to the Franchisor its then-current training fee for such training;

(g) A transfer fee shall have been paid to the Franchisor in an amount determined by the Franchisor but not to exceed \$10,000, to defray its reasonable internal and external costs and expenses in connection with the transfer, including, without limitation, the cost of legal and accounting fees, credit and investigation charges, valuations, training and supervision; and

(h) The proposed transferee must purchase the Franchisor's Start-Up Kit, and/or any missing components thereof, so as to begin operating the Franchised Business with a complete Start-Up Kit as required for all new franchisees;

(i) Unless expressly approved by the Franchisor in writing, the transfer of the Franchised Business shall be affected in compliance with the requirements of all applicable legislation.

It is understood and agreed that the Franchisor's consent to a transfer shall not operate to release the Franchisee from any liability under this Agreement.

(g) Power of Arbitrator; Waiver of Exemplary and Punitive Damages. In any arbitration of a Dispute, the arbitrator may award appropriate relief, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs. The arbitrator may not, however, award exemplary or punitive damages, and you and we waive any right to seek or obtain any award for exemplary or punitive damages.

(h) Compensation of Arbitrator. You and we shall share equally the costs, including fees, of any arbitrator, and the administrative fees assessed by the AAA.

(i) Attorneys' Fees and Expenses. The substantially prevailing party in any arbitration, suit or other action arising out of or related to this Agreement is entitled to recover its reasonable attorneys' fees, as well as all reasonable costs and expenses incurred that are related to the action or the Dispute, including all fees and expenses assessed by the AAA, costs of court reporters incurred by a party, expert witness fees, and the substantially prevailing party's Dispute-related travel expenses.

18.7 Amendments. No amendment or modification of any provision of this Agreement shall be effective unless it is in writing and signed by both the Franchisor and the Franchisee.

~~18.7~~18.8 Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all previous agreements and understandings between the parties in any way relating to the subject matter of this Agreement. It is expressly understood and agreed that the Franchisor has made no representation, inducements, warranties or promises whether direct, indirect or collateral, oral or otherwise, concerning the terms or subject matter of this Agreement. Notwithstanding the foregoing, nothing in this section is intended to disclaim any of the disclosures made in the franchise disclosure document accompanying this Agreement.

~~18.8~~18.9 Severability. If any of the terms or provisions of this Agreement are deemed invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, such covenant or other provision shall be severed; all other conditions and provisions of this Agreement shall remain in full force and effect and no term or provision shall be deemed dependent upon any other term or provision unless so expressed herein.

~~18.9~~18.10 Time of Essence. Time shall be of the essence of this Agreement.

~~18.10~~18.11 Notices. All notices, requests, demands or other communications (collectively "Notices") required or permitted to be given in writing by personal delivery or by registered mail, postage prepaid, addressed to the other parties as follows:

(a) To the Franchisor at: Stevenstone Inc.  
13215 SE Mill Plain Blvd, Suite C8 #504  
Vancouver, Washington 98684

(b) To the Franchisee at: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

EXHIBIT G

**STATE SPECIFIC ADDENDA**

The following modifications are made to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement.

The following are state specific changes for and are applicable to you only if you are covered by the franchise law of the referenced state:

MINNESOTA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_.

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

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require (except in certain specified cases), that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer will not be unreasonably withheld.

We will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

Minnesota Rule 2860.4400D may prohibit us from requiring you to assent to a general release.

In accordance with Minnesota Rule 2860.4400J, to the minimum extent required by law, the Franchise Disclosure Document and the Franchise Agreement are modified so that we can not require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Any statements in the Franchise Disclosure Document and Franchise Agreement stating that we are entitled to injunctive relief are amended to read "we may seek injunctive relief." A court will determine if a bond is required.

Provisions in the Franchise Disclosure Document and Franchise Agreement limiting your right to file claims, that are inconsistent with Minnesota Statute Sec. 80C.17, Subd. 5, are amended to the minimum extent required by Minnesota law.

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

Items 5 and 7 of the Franchise Disclosure Document and Section 5.1 of the Franchise Agreement are amended to provide that all initial fees shall be deferred until such time as the franchisor has satisfied its pre-opening obligations to the franchisee and the franchise has opened for business.

*[signatures on following page]*

### 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:

<b>State</b>	<b>Effective Date</b>
California	Pending
Illinois	<del>Pending</del> <u>April 21, 2025</u>
Indiana	<del>Pending</del> <u>April 24, 2025</u>
Michigan	September 30, 2024
New York	Pending
Virginia	Pending
Washington	Pending
Wisconsin	<del>Pending</del> <u>May 23, 2025</u>

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

## EXHIBIT K

### RECEIPTS

(Retain this copy for your records)

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate connected with the proposed franchise sale.

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

The following are our employed franchise sellers:

Name	Principal Business Address	Telephone Number
Josh Stevenson	<del>#12 — 1833 Coast Meridian Road, Port Coquitlam, BC V3C 6G5- Canada</del> 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, WA 98684	604-944-0664
David Stone	13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, WA 98684	360-882-7529
Steve Valentine	200 S. 17 <sup>th</sup> St., Lynden, WA 98264	509-994-6672

Other franchise sellers, if any, are:

Name	Principal Business Address	Telephone Number

The issuance date of this disclosure document is March 28, 2025.

Our registered agents authorized to receive service of process are identified in Exhibit G.

I received a disclosure document dated March 28, 2025 that included the following Attachments:

- Exhibit “A” Franchisee Lists
- Exhibit “B” Franchise Agreement
- Exhibit “C” Operations Manual Table of Contents
- Exhibit “D” State Franchise Regulatory Authorities and Agents for Service of Process
- Exhibit “E” Financial Statements
- Exhibit “F” Guarantee
- Exhibit “G” State Specific Addenda (amends both disclosure document and Franchise Agreement)
- Exhibit “H” Franchisee Disclosure Questionnaire and Certification
- Exhibit “I” Form of General Release
- Exhibit “J” State Effective Dates
- Exhibit “K” Receipts

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee  
individually and/or as an officer/  
partner/member of  
Name \_\_\_\_\_  
a \_\_\_\_\_ corporation/partnership/LLC.

**[Sign, date and retain this copy for your records]**

**RECEIPTS**  
**(Return this copy to Franchisor)**

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate connected with the proposed franchise sale.

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

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\_\_\_\_\_ Date

\_\_\_\_\_ Prospective Franchisee  
individually and/or as an officer/  
partner/member of  
Name \_\_\_\_\_  
a \_\_\_\_\_ corporation/partnership/LLC.

[Sign, date and return this copy to Franchisor at  
13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684]



## FRANCHISE DISCLOSURE DOCUMENT

STEVENSTONE INC.  
a Washington corporation  
13215 SE Mill Plain Blvd, Suite C8 #504  
Vancouver, Washington 98684  
Office Phone – 1-888-RECOLOR  
contact@newcreations.com  
www.newcreations.com

We offer franchises for the operation of businesses offering specialized mobile restoration and repair services under the name “NEW CREATIONS.”

The total investment necessary to begin operation of a NEW CREATIONS franchised business is \$100,824 to \$322,274. This includes \$88,000 to \$212,500 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact our Franchise Sales Director, Steve Valentine, by phone at 509-994-6672 or email at svalentine@newcreations.com.

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

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

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

Issuance Date: March 28, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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 risks be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration only in Whatcom County or King County, Washington. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in Washington than in your own state.
2. **Franchisor's Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **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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## EXHIBITS

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## **ITEM 1. The Franchisor, and any Parents, Predecessors, and Affiliates**

To simplify the language in this disclosure document “Stevenstone,” “us,” “our” and “we” means Stevenstone Inc., a Washington corporation, the Franchisor. “You” means the entity that buys a franchise, and includes your owners.

### The Franchisor, its Predecessors, Parents and Affiliates

Stevenstone Inc. was formed on March 20, 2017. Our principal business address is 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684. We conduct business under our corporate name and under the name NEW CREATIONS. We grant franchises to qualified candidates in the United States for the operation of franchises (the “Franchised Business”) using the System and identified by the name NEW CREATIONS and have offered these franchises since February 2019. We have no other business activities, do not operate businesses of the type being franchised, and do not offer franchises in other lines of business. We have no parents required to be disclosed in this disclosure document.

On June 1, 2016, L&H Stevenson Enterprises Inc., a British Columbia corporation formed in July 2007, and New Creations Mobile Restorations Inc., formerly known as New Creations Repairs & Dyeing, a British Columbia corporation formed in 1993, amalgamated as one company under the name New Creations Mobile Restorations Inc. (“New Creations Mobile”). New Creations Mobile has a principal place of business at 34A – 2755 Lougheed Hwy, Suite 518, Port Coquitlam, BC V3B 5Y9 Canada. New Creations Mobile owns the System and related marks, including the trademark “NEW CREATIONS,” and its related design, and licenses them to us for our exclusive use and sublicensing in the United States. New Creations Mobile, through its principals and predecessors, has conducted and engaged in this line of business since 1989, and has been franchising in Canada since 1997. New Creations Mobile does not offer franchises in the United States and does not offer franchises anywhere in any other line of business.

Our affiliate, Larry Stevenson Holdings Inc. (“LSH”), is a British Columbia corporation formed on April 21, 2016 and has a principal business address of 34A – 2755 Lougheed Hwy, Suite 518, Port Coquitlam, BC V3B 5Y9 Canada. LSH owns a 50% interest in us. LSH conducts no other business activity and does not offer franchises in any line of business.

Our affiliate, New Creations USA, LLC (“New Creations U.S.”) is a Washington limited liability company formed on January 15, 1998 and has a principal business address of 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684. New Creations U.S. is wholly-owned by David and Kelly Stone, who own a 50% interest in us. New Creations U.S. has operated businesses of type being franchised since 2000. New Creations U.S. conducts no other business activity and does not offer franchises in any line of business.

Our agents for service of process are disclosed in Exhibit D to this disclosure document.

### The System

The New Creations system is a unique method for the mobile repair and restoration of surface materials and items generally found in automobiles, recreational vehicles, airplanes, and boats, as well as restoration and repairs in homes, offices, public buildings, restaurants, and other premises (the “System”). The System includes a uniform business format, standardized equipment and methods, designs and materials, and a marketing programs under the trademark “NEW CREATIONS” and related marks (collectively, the “Marks”).

You will be trained to repair and restore a multitude of materials including: leather, vinyl, plastic, fabric, wood, stone, tile, windshields, as well as other synthetic, fiberglass coatings and natural materials. You will also learn to restore automotive finishes and paint. You will operate your New Creations Franchised Business in a designated geographic area (the “Territory”).

### Market and Regulatory Matters

The market for your services is competitive, developed to some extent and fragmented. You will be competing with other local, regional, and mobile, mail order, and home improvement retail outlets. In particular, your main competitors may include Fibrenew, Color Glo, Surface Specialists, Surface Experts, and Leather Medic. Mobile restoration and repair services are generally not seasonal, although there may be local seasonal variations.

Each municipality has agencies or departments that monitor business and trades to ensure they follow all applicable laws. Each jurisdiction will issue a business license if required. You should consult your own local authority’s licensing and standards division for licenses or permits to do business, assumed name registrations and obtain sales tax permits. We are aware of industry-specific regulations including, but not limited to, labor and wage laws, health and safety and sanitation regulations, and safety requirements. There may be specific laws or regulations in your state or municipality regarding the operation of the Franchised Business. The laws in your state or municipality may be more or less stringent. You should examine these laws before purchasing a franchise from us. You may be required to obtain licenses, registrations, authorizations and permissions required under applicable federal, state or local laws to operate your Franchised Business.

You will be required to research and to follow all pertinent local, state and federal laws and regulations specific to your business. You will also be required to comply with all general business and commercial vehicle licensing laws and regulations. The Franchised Business will perform specialized mobile restoration and repair services. We urge you to make inquiries about laws that may be applicable to your Franchised Business. Because regulations are subject to change, you must be aware of all regulations and keep apprised of changes that may have an impact on the Franchised Business. We have not determined the licensing requirements in your proposed Territory, or whether it is possible to obtain necessary licenses. You are solely responsible for determining licensing requirements in your proposed Territory before you sign the Franchise Agreement. You may want to obtain a complete copy of your state’s and other applicable statutes and regulations and discuss them with your attorney.

## **ITEM 2. Business Experience**

### Founder, Chief Executive Officer and Director: Larry Stevenson

Larry Stevenson has been our Chief Executive Officer and a Director since our formation in March 2017. He has also been a Director and President of New Creations Mobile since its formation in June 2016, and was a principal in the predecessors of New Creations Mobile since 1993. Mr. Stevenson founded the New Creations concept in 1987 and has been President of Larry Stevenson Holdings Inc., one of our owners, since its formation in April 2016.

### President and Director: David Stone

David Stone has been our President and a Director since our formation in March 2017. He is one of our owners and has also been a Member of New Creations U.S. since April 2000.

Chief Operating Officer and Director: Josh Stevenson

Josh Stevenson has been our Chief Operating Officer and a Director since our formation in March 2017. He has also been a Director and General Manager of New Creations Mobile since July 2017. From 2010 to September 2015, he was General Manager of New Creations Mobile.

Secretary and Director: Kelly Stone

Kelly Stone has been our Secretary and a Director since our formation in March 2017. She is one of our owners and has also been a Member of New Creations U.S. since April 2000.

Franchise Development: Brianna Stevenson

Brianna Stevenson has been assisting with our franchise development since July 2018. She has also been in administration and Franchise Support for New Creations Mobile in Canada since March 2018. Ms. Stevenson has also been a shareholder of LSH since July 2017.

**ITEM 3. Litigation**

There is no litigation information required to be disclosed in this Item.

**ITEM 4. Bankruptcy**

There is no bankruptcy information required to be disclosed in this Item.

**ITEM 5. Initial Fees**

The Initial Franchise Fee is \$65,000 for a standard size Territory with a population of approximately 250,000. For a limited time, we are offering an early adopter incentive program in which franchisees will receive an additional 50,000 in bonus population for no additional cost, for an initial Territory with approximately 300,000 in population. U.S. Military Veterans will receive a further 50,000 in bonus population for an initial Territory of approximately 350,000 in population.

You may apply for a Territory with an expanded population. If we approve an expanded Territory, you will pay an Initial Franchise Fee based on the amount of population in your Territory, as follows:

Initial Franchise Fee	Population	Early Adopter Bonus Population	Total Population	Total Veteran Population, if applicable
\$110,000	500,000	100,000	600,000	700,000
\$149,500	750,000	150,000	900,000	1,200,000
\$188,500	1,000,000	200,000	1,200,000	1,400,000

The Initial Franchise Fee is payable to us in a lump sum when you sign the Franchise Agreement, is non-refundable, and is fully earned upon receipt. We impose the Initial Franchise Fee described above uniformly on all franchisees.

You must also purchase from us or our affiliate a Start-up Kit for \$23,000. The Start-up Kit currently includes a Leather Kit, Vinyl Kit, Fabric Kit, Windshield Kit, Wood Kit, Furniture Kit, Stainless Steel Kit, Tub and Tile Kit, tool boxes and miscellaneous tools, and clothing and promotional items. You may purchase additional equipment, supplies, inventory and signage as you may need, and the cost ranges from \$0 to \$1,000. These amounts are not refundable.

**ITEM 6. Other Fees**

**OTHER FEES**

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Royalty</b>	7% of Gross Sales. See Note 1.	Monthly on the 10th day of each month	Paid by electronic funds transfer.
<b>Advertising Fund</b>	Up to 2% of monthly Gross Sales	Same as Royalty	We may in the future establish an Advertising Fund. If we establish such Fund you must contribute up to 2% of your monthly Gross Sales.
<b>Refresher Training Courses</b>	\$750 per day per person	Two weeks before commencement of training	You must pay our fee for each person that attends training. We may require you and any of your employees to attend refresher training for not more than two weeks once per year.
<b>Insurance</b>	As required	As incurred	If you fail to obtain required insurance, we may obtain insurance on your behalf and you must reimburse us for such cost.

Name of Fee	Amount	Due Date	Remarks
<b>Jobber Software License Fee</b>	<p>You choose your plan:  Connect: \$144.99 per month if paid monthly; or \$109.65 per month if paid annually in advance; or  Grow: \$296.65 per month if paid monthly or \$211.65 per month if paid annually in advance</p> <p>Prices are current as of the Issuance Date of this disclosure document. Jobber may change its pricing at any time and you must pay the applicable amounts..</p>	Monthly or annually	<p>You choose the Jobber plan you want. Connect is the minimum plan for our system but you may choose to upgrade to the Grow plan. You also choose whether to pay the fee monthly or receive a discount by paying a full year in advance</p>
<b>Technology Fee</b>	\$89 per month	Monthly	<p>You must pay the monthly Technology Fee, currently \$89 but may increase over time as our supplier costs increase. The Technology Fee includes access to EZee Assist, one newcreations.com email address, and training software, which you will be required to use in your Franchised Business.</p>
<b>Optional Additional newcreations.com Email Addresses</b>	\$10.00 per month per email	Monthly	<p>One newcreations.com email address is included in the monthly Technology Fee. If you choose to use more than one email address, you must pay the fee for each additional email address, which may increase over time as supplier costs increase.</p>

Name of Fee	Amount	Due Date	Remarks
<b>Repairs and Maintenance Costs</b>	As required	Upon demand	If you fail to maintain the condition and appearance of your Franchised Business vehicle(s) after notice from us, we may cause repairs or maintenance to be performed and you must reimburse us for all costs.
<b>Outside-Territory Fees</b>	15% of Gross Sales in territory of another franchisee; 5% of Gross Sales in unassigned territory. See Note 2.	As incurred	Payable if you provide services outside of your Territory
<b>Advertising Materials</b>	Typically \$0.20 to \$1.00 per brochure.	As incurred	We will provide you with an email address and the setup of your social media platform before you begin business. Initial supplies of promotional materials are included in the Start-up Kit, but you may purchase additional materials on an ongoing basis as needed, at our then-current prices.
<b>Product, Supplies and Inventory Purchases</b>	\$50 to \$5,000	As incurred	You must purchase certain products, supplies and inventory for your Franchised Business from us or suppliers we designate.
<b>New Product or Supplier Approval</b>	\$0 to \$500	Upon demand	We may require you to reimburse us for reasonable expenses we incur in evaluating products or suppliers that you submit to us for approval

Name of Fee	Amount	Due Date	Remarks
<b>Renewal Fee</b>	\$10,000	Before expiration of current term and upon signing new franchise agreement.	This fee is partly intended to defray legal and administrative costs incurred by us when you renew your franchise agreement.
<b>Audit Expenses</b>	Costs of inspection or audit (approximately \$1,500 to \$5,000 but may be more), plus any deficiency in amounts that should have been paid to us	Upon demand	You must reimburse us for audit expenses only if audit is result of your failure to report or if audit reveals a 3% or more understatement of Royalties.
<b>Transfer Fee</b>	\$10,000	Before transfer	Payable upon transfer of your franchise
<b>Initial Training for Transferee</b>	\$5,000 to \$15,000, depending on experience of transferee	Before training	Transferee and its employees responsible for operation of the Franchised Business must complete new franchisee training to our satisfaction. Transferee is responsible for payment of this fee before attending training. The fee covers training for up to two people if both people attend the same training sessions.
<b>Start-up Kit Upon Transfer</b>	Up to \$23,000	Before transfer	Transferee must purchase the Start-up Kit or any missing components thereof so as to begin operations with a complete Start-up Kit as required for all new franchisees
<b>Insufficient Funds Charge</b>	\$25 per occurrence	Upon demand	Payable in the event any EFT or check is not honored by your bank for any reason

Name of Fee	Amount	Due Date	Remarks
<b>Interest on late payments</b>	The lesser of the Prime Bank Rate of U.S. Bank from time to time plus 5%, or the maximum interest rate allowed by law, calculated and payable weekly	Upon demand	Payable on all overdue amounts accruing from the date payment is due until payment is received by us.
<b>Relocation Fees and Costs</b>	\$5,000	Upon relocation	You must reimburse us for any costs we incur and pay us a reasonable fee for our services in connection with a relocation of your Franchised Business.
<b>Liquidated Damages</b>	\$200 per day	Upon demand	Payable each day you neglect, delay or refuse to discontinue display of our Marks after termination of the Franchise Agreement.
<b>Indemnity</b>	Depends upon the size of the loss for which you are required to indemnify us.	Upon demand	You must indemnify us for all loss, damages or liability and costs and expenses incurred by us as a result of any violation of the Franchise Agreement by you or your agents or employees, and from all claims, damages, suits, or rights of any persons arising from the operation of the Franchised Business.
<b>Performance Coaching/Training</b>	Costs charged by third party coach/trainer (approximately \$2,000 to \$10,000)	Before coaching	If your Gross Sales per population for a calendar year is in the bottom 25% of all locations in the system, we may require you, at your cost, to obtain coaching or training from a designated third party.

Notes:

- (1) Gross Sales is defined in the Franchise Agreement to mean “the entire amount of the actual sales price, whether for cash, credit or otherwise, of all sales of goods and services in respect of the

Franchised Business, including mileage charges, supplies, and other costs charged to customers, and all other receipts whatsoever from all business conducted or originating from the Vehicle. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the week during which such charge or sale shall be made, regardless of the time when the Franchisee shall receive payment (whether in full or in part). No deductions shall be allowed for uncollected or uncollectible credit accounts or in respect of any other matter save and except: (i) any amounts collected by the Franchisee on behalf of any governmental authority and paid out by the Franchisee for sales taxes or other taxes imposed upon the sale of goods or services by the Franchisee from the Franchised Business; and (ii) the amount of the refund or credit given in respect of any services rendered to a customer for which a refund of the whole or a part of the purchase price is made or for which a credit is given.”

- (2) The standard outside-territory fee for unassigned territories is 20%. The fee has been reduced to 5% as part of an early adopter incentive package.

Unless otherwise noted, at this time all fees imposed by and payable to us are non-refundable, and are uniformly imposed for all new franchisees. Franchisees that were awarded franchises in prior years, franchisees that have prototyped new formats, and franchisees in which we or our affiliates have an ownership interest, may pay different continuing fees than new franchisees.

We retain discretion to reduce fees in individual cases in our discretion.

We also reserve the right to change the type and amount of fees that we require future franchisees to pay us.

## ITEM 7. Estimated Initial Investment

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	Low	High			
Initial Franchise Fee	\$65,000	\$188,500	Lump sum	At signing of Franchise Agreement.	Us
Start-up Kit	\$23,000	\$23,000	Lump sum	At signing of Franchise Agreement	Us
Computer Hardware and Software and Cell Phone (Note 1)	\$300	\$2,000	As arranged	As incurred	3 <sup>rd</sup> Party Vendors
Vehicles & Graphics Lease/Purchase Deposit (Note 2)	\$5,000	\$50,000	As arranged	Monthly	Dealer/Seller/ Lessor/ Finance Company
Vehicle wrap or decal graphics (wrap or decal layout arranged and designed through us)	\$1,500	\$5,500	Lump sum	Before Opening	Approved 3rd Party Vendor

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	Low	High			
Real Estate/Rent (Note 3)	\$0	\$9,000	As arranged	As arranged	Landlord/Lessor
Training Expenses (Note 4)	\$600	\$6,200	As required by vendors	Before Opening	3 <sup>rd</sup> Party Vendors
Insurance (Note 5)	\$500	\$5,000	As arranged	As arranged	3 <sup>rd</sup> Party Vendors
Equipment, Supplies, Inventory and Signs (Note 6)	\$0	\$1,000	As arranged	Before opening	Us or Approved 3 <sup>rd</sup> Party Vendors
Jobber Invoicing System – 6 Months (Note 7)	\$870	\$2,540	As arranged	Monthly or Annually	Approved 3 <sup>rd</sup> Party Vendor
Technology Fee – 6 Months (Note 8)	\$534	\$534	As arranged	Monthly or Annually	Us
Licenses and Permits (Note 9)	\$20	\$1,000	As arranged	As incurred	Governmental authorities
Professional Fees (Note 10)	\$500	\$3,000	As arranged	As incurred	Lawyers, accountants, other professionals, etc.
Additional Funds – 6 Months (Note 11)	\$3,000	\$25,000	As required by vendors and employees	As incurred	Employees, Suppliers, Utilities
<b>TOTAL (Notes 12 and 13)</b>	<b>\$100,824</b>	<b>\$322,274</b>			

Notes:

- (1) You must obtain computer, software, telephone and other related equipment for use in your Franchised Business. If you already have equipment that meets our requirements, you may use such existing equipment in your Franchised Business. These amounts represent the estimated cost to acquire this equipment. Item 11 describes the required computer hardware and software in greater detail. Upon termination or expiration of the Franchise Agreement, you must upon our request, transfer to us all interest in and rights to all telephone numbers, directory listings, email addresses and websites related to the Franchise Business.
- (2) The above figures assume you lease one vehicle and represent the initial lease deposit for that vehicle. Costs may vary substantially, especially if you elect to purchase a vehicle rather than lease one, so you may choose to spend more than the amounts in this estimate. You must purchase or lease vehicles which meet our standards and specifications, and you are required to use only those vehicles in the operation of any part of the Franchised Business. Our current requirements are that the vehicle must be 10 years or newer with no rest, dents, or primer; must be a solid color (white is preferred, but it can be wrapped) truck or van with an enclosed cargo area; and must display our decal package. You are permitted to use those vehicles for occasional personal use so long as such use will not in any way tarnish the reputation or standing of us or the System, in our sole discretion. You are required to abide strictly to our vehicle requirements and standards, including our requirements for your vehicles to be outfitted, wrapped or decaled to our specifications, the cost of which is included in the above estimated figures.

- (3) We recommend that you operate your Franchised Business from your personal residence, in which case there would be no cost to you for rent. We do not require you to do so, but if you choose to you may operate your Franchised Business from a commercial location. The cost for rent will vary depending on a number of factors, including size, condition and location of the facility. The high estimate above assumes you rent up to 1,000 square feet of office space at the rate of \$1,500 per month during the initial six months of operations.
- (4) Training fees for up to two people are included in your Initial Franchise Fee if both people attend the same training sessions, but you are responsible for travel, accommodations and meals for all trainees attending training. Costs will vary depending on your proximity to training locations in Vancouver, Washington, or Canada in Port Coquitlam, British Columbia; Saint John, New Brunswick; or Calgary, Alberta; the number of people attending training, and the class of airfare and hotel accommodations you choose. The low end of the estimate assumes you live in close proximity to training and do not require airfare or accommodations while attending training. The high end of the estimate assumes costs for two people to attend training for 21 days at \$1,000 per person for airfare, \$100 per night for shared accommodations, \$30 per person per day for food, and shared local transportation at \$40 per day. You may choose to spend more than the amounts in this estimate.
- (5) You must purchase insurance in accordance with our specifications. All insurance shall be written by a qualified insurance company satisfactory to us and shall be in amounts we specify. All policies must name us as an additional named insured, and must provide that the coverage under the respective policy may not be cancelled or altered (except to increase coverage) without at least 30 days' prior written notice to us. You must provide us with a copy of the certificates of insurance. If you fail to obtain such required insurance, we may at our option obtain all or any part of the insurance in your name and on your behalf and you must make timely payment of all premiums and other charges for such insurance. If we receive notice from any insurer regarding an impending cancellation or lapse due to non-payment, we may at our option pay the required amounts on your behalf and you must promptly reimburse us for all amounts paid.
- (6) The initial supplies, equipment and marketing materials required for your Franchised Business are included in the Start-up Kit. You may purchase additional equipment, supplies, inventory and signage as you may need.
- (7) You must use Jobber software in your Franchised Business. The amount of the license fee will depend on the plan you choose, and whether you pay the fee monthly or annually in advance to receive a discount. The Connect plan is the minimum for our system, but you may choose to upgrade to the Grow plan. The low end of the estimate assumes you choose the Core plan and pay the fee monthly and is calculated for six months. The high end of the estimate assumes choose the Grow plan and pay the fee annually in advance.
- (8) You must pay us the Technology Fee. The Technology Fee includes access to EZee Assist, one newcreations.com email address, and training software that you must use in your Franchised Business. The Technology Fee is currently \$89 per month, but may increase over time as our supplier costs increase. The estimate includes the cost of the Technology Fee for six months.
- (9) Government agencies typically charge fees for permits and operating licenses. Your actual costs may vary from the estimates based on the requirements of federal, state and local government agencies. See also Item 1 of this disclosure document.

- (10) You will likely need to retain a lawyer, an accountant and other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing rates of local lawyers, accountants and consultants. These fees are typically non-refundable.
- (11) This estimates your initial operating expenses, including working capital, during the initial start-up months. Additional Funds relate only to costs associated with the Franchised Business and do not cover any owners' draw or personal, "living," unrelated business or other expenses you may have, such as royalty payments, debt service on any loans, state sales and use taxes on goods and service, and a variety of other amounts not expressly described and included in the notes above.
- (12) We relied on the experience of our affiliates to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. Your expenses may vary substantially, upward or downward, depending upon the nature of your existing operations, whether you currently own computers and telephone equipment and whether you have a home office. You will also have to pay for fuel and maintenance costs for your vehicle.
- (13) Unless otherwise noted, all fees payable to us are nonrefundable under any circumstances. Refundability of fees paid to third parties will depend on your negotiation with each party. We and our affiliates do not offer financing for all or any part of the initial investment.

#### **ITEM 8. Restrictions on Sources of Products and Services**

You must offer and sell only those services and products we authorize for use in your Franchised Business. You must use in the operation of your Franchised Business only the equipment, supplies, products, inventory and signs we approve. Many of the items needed must be purchased through us or from suppliers we designate unless we agree otherwise in writing.

Items that must be purchased through us include our Start-up Kit including a Leather Kit, Vinyl Kit, Fabric Kit, Windshield Kit, Wood Kit, Furniture Kit, Stainless Steel Kit, Tub and Tile Kit, tool boxes and miscellaneous tools, and clothing and promotional items. You must also use at least one newcreations.com email account in the operation of your Franchised Business. We anticipate implementing EZee Assist software, which you will be required to use once implemented. The cost of one newcreations.com email address and access to EZee Assist software will be included in the monthly Technology Fee. We or our affiliates are the only approved supplier for the Start-up Kit, email accounts, and EZee Assist software. We and our affiliates are not currently, but may in the future be, a supplier of other items. Items that must be purchased from suppliers we approve include the Jobber software license, vehicle wrap, signs, uniforms, and miscellaneous promotional materials.

Sometimes we will provide only specifications, and it will be up to you to find suppliers that meet our specifications for items such as your vehicles, computer hardware and software, telephone equipment, and insurance.

We require you to obtain insurance coverage of the types and in the amount that we specify. Our minimum requirement currently is general liability with coverage not less than \$1,000,000 per incident. All insurance shall be written by a qualified insurance company satisfactory to us. All policies must name us as an additional named insured and must provide that the coverage under the respective policy may not be cancelled or altered (except to increase coverage) without at least 30 days' prior written notice to us. You must provide us with a copy of the certificates of insurance. You must also obtain worker's compensation, unemployment insurance, and other coverage as required by your state law and local laws.

Sometimes we may recommend a supplier, but we will not require you to use that supplier, while other supplier relationships are mandatory. We reserve the right, in the future, to serve as, to change, or to designate, an approved supplier for any of these items.

Specifications and standards for these items are included in the Operations Manual, and may be updated or modified periodically by us. Our criteria for supplier approval, as may be needed, may also be found in the Operations Manual, or may be requested from us directly in writing on a case-by-case basis. The intent of the specifications, standards and supplier approval is to create brand consistency. Criteria used to designate or approve a supplier include: the ability meet our standards, specifications and supply commitments; the integrity of ownership (to ensure that the supplier's association with us will not be inconsistent with our image or damage our goodwill); financial stability; and the negotiation of a mutually satisfactory license to protect our intellectual property.

We will advise you within a reasonable time (not to exceed 30 days) whether the proposed items and supplier(s) meet our specifications, and our approval will not be unreasonably withheld. You will be notified in writing of our approval or disapproval and of any revocation of approved suppliers. Suppliers must maintain our standards in accordance with written specifications and any modifications. Failure to correct a deviation from the System's specifications will result in the termination of an approved supplier's status. We reserve the right to require you to reimburse us for reasonable expenses we incur in evaluating new items or suppliers you submit to us for approval.

We may derive revenue from your purchases of items from us, or our affiliate. Currently we or our affiliate sell you the Start-up Kit and charge a markup in doing so. In our fiscal year ended December 31, 2024, we received \$108,000 in revenue from required purchases of the Start-up Kit by our franchisees, which amount is approximately 40.28% of our total revenue of \$268,118 as shown on our audited financial statements. The \$108,000 figure does not take into account the cost of goods sold or other operating expenses that we incur in obtaining and providing products to franchisees.

We do not currently but may negotiate other purchase arrangements with suppliers and distributors of approved products and supplies, and we may receive rebates or payments on your purchases of those items. There are no restrictions on our use of payments received from approved or designated suppliers on account of their transactions with you or on payments that we or our affiliate receives from their transactions with you. In the year ending December 31, 2024, we and our affiliates did not receive any payments from suppliers.

We and our affiliates are not currently approved suppliers of any items except for those disclosed above. None of our officers or directors currently owns an interest in any of our suppliers. The purchase and lease of items from approved suppliers or that meet our specifications are anticipated to represent approximately 50% to 100% of your total expenses in connection with the establishment of the Franchised Business, and approximately 2.5% to 20% of your total expenses in connection with the ongoing operation of the Franchised Business.

There are no purchasing or distribution cooperatives.

We do not provide material benefits to you based solely on your use of designated or approved sources.

## ITEM 9. Franchisee's Obligations

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	1.4; 2.1	Items 7, 8 and 11
b.	Pre-opening purchases/leases	1.4; 2.2; 2.3; 5.1; 7.1	Items 7 and 8
c.	Site development and other pre-opening requirements	2.2; 4(d); 4(e)	Not Applicable
d.	Initial and ongoing training	3; 10.1(a); 12.2(f)	Item 11
e.	Opening	2.2	Item 11
f.	Fees	1.3(c); 1.4; 3.2; 5; 6.4; 10.8; 12.2(f); 12.2(g); 18.13	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	2.1(b); 2.1(e); 2.5; 4; 19.1(d)	Item 11
h.	Trademarks and proprietary information	8; 9	Items 13 and 14
i.	Restrictions on products/services offered	2.3; 4(c); 4(n)	Items 8 and 16
j.	Warranty and customer service requirements	4(i); 4(j); 4(p); 18.7	Item 11
k.	Territorial development and sales quotas	Not Applicable	Items 6 and 12
l.	Ongoing product/service purchases	2.3	Not Applicable
m.	Maintenance, appearance and remodeling requirements	2.5; 2.7	Item 11
n.	Insurance	4(d) - 4(g)	Item 7
o.	Advertising	6	Items 6 and 11
p.	Indemnification	9.7; 14	Item 6
q.	Owner's participation/management/staffing	3.3; 4(a); 11.3(a)	Item 15
r.	Records and reports	7	Item 11
s.	Inspections and audits	4(m); 7.3	Items 6 and 11
t.	Transfer	12	Item 17
u.	Renewal	1.3	Item 17
v.	Post-termination obligations	1.2; 10; 1.2; 11.5	Item 17
w.	Non-competition covenants	1.2; 11	Item 17
x.	Dispute resolution	18.6	Item 17
y.	Other (guarantee)	1.5	Item 15

Notes:

- (1) All shareholders, partners, or members of an entity franchisee shall each be required to sign an agreement guaranteeing the financial performance of the Franchisee under the Franchise Agreement. See Exhibit F to this disclosure document.

#### **ITEM 10. Financing**

We do not offer direct or indirect financing. We do not guarantee any debts, leases or other obligations for you.

#### **ITEM 11. Franchisor's Assistance, Advertising, Computer Systems, Training**

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

- A. Before you open your business, we will:
  1. designate a protected Territory (Franchise Agreement, Section 1.2);
  2. provide an initial training program for up to two of your representatives (Franchise Agreement, Section 3.1);
  3. provide you with access to our confidential and copyright-protected Operations Manual, as revised periodically (the "Operations Manual") (Franchise Agreement Section 4(a)(viii) and Section 8). A copy of the Table of Contents of the Operations Manual is attached as Exhibit C to the disclosure document, and it contains a total of 162 pages. You may not copy the Operations Manual other than in the normal operation of the Franchised Business without our permission;
  4. provide guidance regarding opening of your Franchised Business (Franchise Agreement, Section 2.2); and
  5. Sell required items for use in your Franchised Business.

#### Site Selection

We expect you will operate the Franchised Business from your personal residence. If you choose to use commercial premises, we do not provide you with assistance to locate a site, negotiate the purchase or lease for the site, conform the premises to local ordinances or building codes, obtain building permits, or construct the premises.

## Opening of Franchised Business

You must give us at least 30 days' prior written notice of your proposed opening date. You may not open without our prior written consent, and you must open for business within five days after we provide such consent. The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is five to ten weeks. Factors affecting this length of time usually include your availability for attending the training session in Vancouver, Washington, or Canada in Port Coquitlam, British Columbia; Saint John, New Brunswick; or Calgary, Alberta; obtaining the required equipment, vehicle and signage, administration and accounting setup.

B. During the operation of the Franchised Business, we will:

1. provide you with advertising and promotional materials at a reasonable cost, including an email address and the setup of your social media platform (Franchise Agreement, Section 6.2);
2. review and approve or disapprove your local marketing materials within 30 days of submission to us;
3. if an advertising Fund is established, administer and maintain the Fund (Franchise Agreement, Section 6.4);
4. provide refresher training for you and your employees, at your cost, if you request or we require such training (Franchise Agreement, Section 3.2);
5. provide you with continuing advice and guidance regarding the operation of your Franchised Business (Franchise Agreement, Section 3.4);
6. periodically inspect your Vehicle and test your equipment (Franchise Agreement, Section 4(m)); and
7. provide such additional assistance as you reasonably request and as determined by us, at your expense (Franchise Agreement, Section 3.5).

## Advertising and Marketing

### *Marketing Fund*

We do not currently maintain a marketing fund (the “Fund”). If such Fund is established, you will be required to contribute up to 2% of your monthly Gross Sales (Franchise Agreement, Section 6.4). If we establish the Fund, we will provide you with 180 days’ advance written notice, and such notice shall specify the amount of the Fund contribution. The Fund will be used and expended for media costs, commissions, market research costs, creative, and production costs, including the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs we undertake, including the cost of electronic or technical devices or medium necessary to facilitate the advertising or promotional programs of the Fund. We will select the types of media used and the location of the advertising campaigns administered through the Fund. We will not be obligated to spend a specific amount on advertising in your area. We may utilize the Fund or a portion thereof for advertising and promotions on the Internet or Internet-like services (i.e.: social media) including creation and maintenance fees for websites, or production of promotional or marketing materials, videos, commercials, or other media, any of which you may be required from time to time to broadcast or display, without modification, in the Premises at any time. The Fund shall be accounted for separately from our other funds and shall not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as we may incur in activities reasonably related to the administration or direction of the Fund and its advertising programs (including conducting market research). The fund will not be audited. A statement shall be prepared annually on the use of the Fund and provided to you upon request, at the expense of the Fund. We reserve the right to place and develop such advertisements and promotions and to market same as agent for and on your behalf, or other franchisees, either directly or through an advertising agency retained or formed for such purpose or through co-operative advertising groups composed of System franchisees designated by us, and we agree to pay all reasonable costs in connection with such advertising and promotions. All franchisees and company-owned operations will contribute on the same basis. Any unspent amounts in the Fund will be saved for later spending. We will not use the Fund principally to solicit new franchisees, but our advertising and marketing material may contain contact numbers for obtaining information about New Creations franchises.

### *Advertising Council*

There is no advertising council yet formed to advise us on advertising policies. If one is formed, we will have the power to select and approve the members and to change, dissolve or merge the advertising council.

### *Local Advertising*

You must advertise your Franchised Business using social media as determined by us. The rights to any and all social medial accounts shall be held by you in trust for us and must be transferred to us upon expiration or termination of your Franchise Agreement. You are not otherwise required, but have the right to, conduct local marketing and promotions for your Franchise business, provided that your marketing reflects favorably on us and the System. We must approve in writing all marketing materials before your use. We reserve the right to adopt any marketing and promotions submitted by you for approval for general use in any part of the System. By submitting marketing materials for our approval, you agree that each submission will constitute an irrevocable and perpetual assignment of the copyright for such marketing or promotions to us.

## *Branding Cooperatives*

We do not currently require you to participate in any local or regional advertising cooperatives, but reserve the right to do so in the future.

## Hardware, Software and Internet Connectivity

You must acquire and maintain a computer and establish, purchase or license a bookkeeping, accounting and record-keeping system, and other software conforming to our requirements (Franchise Agreement, Sections 2.8, 7.1). You must pay licensing fees required by software suppliers, which may be us. We currently require you to license and use Jobber software for invoicing, estimating, and scheduling. We anticipate implementing EZee Assist software in the near future, which you will be required to license from us and use for access to training, marketing materials, and other information related to the New Creations system. Access to EZee Assist software will be included in the monthly Technology Fee, which we anticipate will be \$89 per month, but may increase periodically. Your bookkeeping, accounting and recording-keeping system must be able to record all transactions, along with receipts for sales or other transactions, whether for cash or credit, in a manner we approve. You must subscribe for internet service. We estimate the cost to purchase a computer and the bookkeeping, accounting and record-keeping system to our specifications will be approximately \$300 to \$1,000.

You must, at your cost and expense, keep your hardware and software systems up to date based on our specifications. There are no limitations on the frequency and cost of hardware and software upgrades, but we estimate the cost to you will be approximately \$500 per year. We are not responsible for providing on-going maintenance, repairs, upgrades or updates to your system. The cost for maintaining your system will vary based on the type of maintenance program, if any, you decide to purchase from third-party vendors.

We will have independent access to information you enter into your bookkeeping, accounting and record-keeping system, but not to information entered or stored elsewhere on your computer system. We will collect sales and financial data to verify and determine the royalty fees payable. There are no contractual restrictions on our access to this data.

## General Outline of Training

You must complete our initial training to our satisfaction before you open your Franchised Business. Training will be scheduled on an as needed basis and will be provided at no additional charge for you and up to one additional representative if both people attend the same training sessions. You will be responsible for all travel, living and other expenses incurred by you and your representatives to attend training. Training will be for such period as we reasonably require, based on the skills and experience of each trainee, but shall not exceed four weeks, which includes your launch week within your territory. The initial training will take place in Vancouver, Washington; or in Canada in Port Coquitlam, British Columbia; Saint John, New Brunswick; or Calgary, Alberta. In the field training will be on-the-job with trained technicians in one of the noted locations in your territory. Initial training is outlined in the table below.

Training will be conducted by our Founder and Chief Executive Officer, Larry Stevenson; our President, Dave Stone; and other individuals under the direction of Larry and Dave. The experience of our trainers is described below:

Trainer	Years of Experience with the Franchisor	Total Years of Experience in the Field Related to Training
Larry Stevenson	35	35
Dave Stone	34	34
Darwin Friesen	31	31
Darren Clark,	19.5	19.5
Ben Moerman	18.5	18.5
Alex Stone	12	12

Training tools used will include instructional videos, the New Creations Manual, and on-the-job equipment.

### TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING*	HOURS OF ON-THE-JOB TRAINING*	LOCATION
Vinyl Repairs	0	10	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Linoleum Repairs	0	10	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Countertop Repairs	0	10	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Plastic Repairs	0	10	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Leather Repairs	0	10	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Stitching	0	3	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING*</b>	<b>HOURS OF ON-THE-JOB TRAINING*</b>	<b>LOCATION</b>
Fabric Repairs	0	10	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Carpet Repairs	0	10	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Texturing	0	13	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Wood Restoration / Repairs	0	11	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Stone & Tile Restoration / Repairs	0	11	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory y
Windshield Repairs	0	3	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Supplies & Safety Training	3	0	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory
Business/Admin/Marketing Set Up	4	0	Vancouver, WA; Port Coquitlam, Saint John, New Brunswick, or Calgary, Canada; or your territory

\*The number of hours are general estimates. You may receive more or less training, in our sole discretion, based on your particular skills and experience.

We may require you and any of your employees to attend refresher training for not more than two weeks once per year. Required attendees must successfully complete such training. You may request additional refresher training for you and your employees. You must pay our training fee for all refresher training, currently \$750 per day per attendee. You are responsible for all travel, living and other expenses incurred by all trainees to attend training.

## **ITEM 12. Territory**

### Protected Territory

You will receive a non-exclusive but protected Territory in which to operate the Franchised Business. The Franchise Agreement will contain a written description of your Territory, as well as a map of the area. Standard Territories typically have a population of approximately 250,000 people based on published data from the U.S. Census Bureau (or such other source as we may indicate to you). However, as part of our early adopter incentive package we will, without additional charge to you, add an additional 50,000 bonus population to the standard Territory for a total population of approximately 300,000. Qualified U.S. Military veterans will receive, without additional charge, an additional 50,000 bonus population. A candidate that qualifies for both the early adopter incentive and is a qualified U.S. Military veteran would receive a Territory of approximately 350,000 in population.

You may apply for an expanded Territory, which applications are reviewed based on various criteria including: whether the location of your Territory will accommodate an increased population; your plans for servicing the expanded Territory; and other criteria that may be relevant to each specific Territory. If we approve an expanded Territory, you may purchase additional population up to a total population of approximately 1,200,000, which amount includes up to 200,000 in bonus population for the early adopter incentive program, plus up to 200,000 in additional population for a candidate that qualifies for the U.S. Military veteran bonus, for a total population of approximately 1,400,000.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Other franchisees may perform work within your territory, just as you will be allowed to perform work within other franchisees' territory under the terms outlined, but only if permission is first granted by the franchisee of the territory where the location for the services is located. However, so long as you are not in default under any terms of the Franchise Agreement, we will not operate or grant to any other person a franchise to operate a franchised business within your protected Territory. Continuation of your protected Territory rights are not affected by your sales volume, market penetration or other contingency, but if your Gross Sales per population for a calendar year is in the bottom 25% of all locations in the system, we may require you, at your cost, to obtain coaching or training from a designated third party.

### Restrictions On Soliciting or Accepting Orders Outside Your Territory

You may not solicit new orders or new customers outside of your Territory. However, you may perform services to locations outside your Territory, and other franchisees may perform services inside your Territory. If you perform services in a Territory that has not yet been awarded to another franchisee, you must pay us an outside-territory fee. The fee generally is 20% of Gross Sales from such customers, but has been reduced to 5% as part of our early adopter incentive package. If you perform services in a territory franchised to another franchisee, you must pay to that franchisee an outside-territory fee of 15% of Gross Sales from such customers, or otherwise as negotiated between you and that franchisee.

### Other Channels of Distribution

We do not currently and do not have any plans for the foreseeable future, but do reserve the right to in the future use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Territory using our principal Marks. We will not be required to compensate you for soliciting or accepting such orders from inside your Territory. Except for social media advertising that we approve, you may not use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing to make sales outside of your Territory, and any sales.

### Right to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises. We reserve the right to grant or refuse to grant a Franchised Business in our sole discretion.

### **ITEM 13. Trademarks**

We have been granted the license by New Creations Mobile to use and license others to use the System and Marks in the United States (the “License Agreement”). The term of the License Agreement is perpetual and will only terminate if we materially breach the terms of the License Agreement, become bankrupt or otherwise insolvent, dissolve either voluntarily or involuntarily, or fail to have any operational activity for a twelve-month consecutive period. If the License Agreement is terminated, we will assign your Franchise Agreement to New Creations Mobile and it will assume our obligations to you under your Franchise Agreement. During the term of your Franchise Agreement, we will grant you the right to use the System and Marks in the operation of your Franchised Business within a Territory. By Marks we mean the trade names, trademarks, service marks and logos used to identify the System. There are no other agreements currently in effect which significantly limit our rights to use or license the use of such trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the Franchised Business.

New Creations Mobile has registered the following Marks on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

<b>Mark</b>	<b>Registration Date</b>	<b>Registration Number</b>	<b>Status</b>
NEW CREATIONS	June 6, 2017	5,216,457	Registered
	December 12, 2017	5,353,005	Registered
	July 17, 2018	5,516,443	Registered

New Creations Mobile has filed all required affidavits with the USPTO.

New Creations Mobile and we also claim common law rights to the Marks upon our continuous, exclusive and extensive use and advertising.

You must use the names and Marks in full compliance with the provisions of the Franchise Agreement and in accordance with our rules. You cannot use any name or Mark as a part of any entity name with any prefix, suffix or other modifying words, terms, designs or symbols. In addition, you may not use any name or

mark associated with the sale of any unauthorized product or service or in any other manner not explicitly authorized in writing by us.

You may not directly or indirectly oppose our right to our trademarks, trade names, trade secrets or business techniques that are part of our business. You must notify us immediately if you learn about a claim against your use of our Marks. We will take whatever action, if any, we deem appropriate and we have the exclusive right to control any litigation or administrative proceeding involving the Marks licensed to you. We will reimburse you for all damages for which you are held liable in any proceeding arising out of your use of the Marks in compliance with the Franchise Agreement, and for all costs you reasonably incur in the defense of any such claim.

We have the unlimited right to change or discontinue use of any Mark or adopt additional or substitute Marks. If we change, discontinue, add or substitute any of the Marks, then you must comply with our instructions in this regard, at your expense. Upon termination of the Franchise Agreement, you must immediately cease all use of the Marks.

There is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceeding or any pending material federal or state court litigation involving the trademarks, service marks, trade names, logotypes or other commercial symbols licensed to us. We do not know of any superior prior rights or infringing uses that could affect your use of the Marks.

#### **ITEM 14. Patents, Copyrights, and Proprietary Information**

We do not register claims in patents or copyrights that are material to our business, but New Creations Mobile does claim proprietary rights and copyright-protection to the confidential information contained in the Operations Manual. New Creations Mobile also claims copyright-protection on operational materials specifically associated with the System, including proprietary advertisements, all materials presented to prospective customers, printed materials and forms associated with the operation of a Franchised Business. New Creations Mobile licenses to us the right to use the Marks in the operation of the System. You must promptly tell us when you learn about unauthorized use of any of this proprietary information. We are not obligated to take any action but will respond to this information as we deem appropriate. Our interests are to protect the integrity of the brand. We will reimburse you for losses claimed by a third party concerning your use of this information in compliance with the Franchise Agreement.

#### **ITEM 15. Obligation to Participate in the Actual Operation of the Franchise Business**

We require that your Franchised Business be under the direct supervision at all times of a manager or trained and competent employee when your manager is absent due to illness, vacation or other similar cause. You must keep us informed of the identity of the employee acting as manager. During the term of the Franchise Agreement, you and your owners are prohibited from directly or indirectly being involved with any business competitive with or similar to the Franchised Business (namely a business involved in providing restoration services), unless you receive our prior written approval.

There is no requirement that your manager own equity in the franchisee or the Franchised Business. We may request that you cause your employees and subcontractors to sign a form of confidentiality agreement approved or provided by us.

All your shareholders, partners or members must guarantee personally all your obligations to us under the Franchise Agreement, including confidentiality and non-competition covenants. A copy of our current form of Guarantee is attached as Exhibit F.

**ITEM 16. Restrictions on What the Franchisee May Sell**

You must operate the Franchised Business and perform all services in accordance with the operating guidelines and quality standards that we establish. You may only sell the products and services approved by us. We have the unlimited right to change the types of authorized goods and services. You may not solicit for customers or services outside of your Territory, but you may provide services outside of your Territory if you pay outside-territory fees.

**ITEM 17. Renewal, Termination, Transfer, and Dispute Resolution**

**This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.**

**THE FRANCHISE RELATIONSHIP**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the Franchise term	1.1	10 years.
b.	Renewal or extension of the term	1.3	One 10 year term.
c.	Requirements for franchisee to renew or extend	1.3	Give notice; have complied and are in compliance with current Franchise Agreement; renovate and modernize to reflect then-current image of System; maintain right to possession of the Vehicle; sign then-current form of franchise agreement, which may be materially different from your current agreement; pay renewal fee.
d.	Termination by franchisee	Not Applicable	Subject to state law.
e.	Termination by Franchisor - without cause	Not Applicable	If you do not renew, Franchise Agreement will terminate.
f.	Termination by Franchisor - with cause	10	We may terminate with cause.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
g.	“Cause” defined – curable defaults	10.1	We may terminate after any stated notice and opportunity to cure, if: you fail to complete all required training and begin operation within six months of execution of Franchise Agreement; you fail to furnish reports or documentation at times specified, or understate Gross Sales by 3% or more; your Vehicle lease is terminated; you purport to make an unauthorized assignment; you fail to cease conduct that harms our reputation within five days after notice from us; you make a material misrepresentation or omission in your application; you fail to correct any other default within 30 days after notice from us; or you receive three or more notices of default in any 12-month period regardless whether you cured any such defaults.
h.	“Cause” defined – non-curable defaults	10.2	Franchise Agreement will automatically terminate if you become bankrupt, if a receiver is appointed by a court of competent jurisdiction, or if you cease or take any steps to cease operation of the Franchised Business.
i.	Franchisee’s obligations on termination/non-renewal	10.3; 10.4; 10.6; 10.7; 10.8; 11.2	Pay all amounts due; cease use of Marks and System; de-identify; return or destroy all Confidential Information; transfer phone numbers, directory listings, email accounts and social media accounts to us.
j.	Assignment of contract by Franchisor	12.1	We may assign at any time all or part of our rights.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
k.	“Transfer” by franchisee – defined	12.2; 12.3	Sale, assignment, transfer or encumbrance in whole or in part in any manner your rights and interests in the Franchise Agreement or property and assets owned and used in your Franchised Business; or transfer of your shares or issue of shares resulting in your ownership of less than 37% of voting shares or less than 51% of any other class of shares of franchisee entity.
l.	Franchisor approval of transfer by franchisee	12.2	You must obtain our written approval before any transfer, which consent shall not be unreasonably withheld.
m.	Conditions for Franchisor approval of transfer	12.2	You must: not be in default, settle all outstanding accounts, sign a release and pay transfer fee; transferee must: qualify, sign our then-current franchise agreement, satisfactorily complete training, purchase our Start-up Kit or any missing components thereof and transferee’s owners must sign a guarantee.
n.	Franchisor’s right of first refusal to acquire your business	12.5	We have right to match any bona fide offer to purchase your business.
o.	Franchisor’s option to purchase your business	10.5	Upon termination, we have the right to buy all inventory, supplies, equipment, furnishings, leasehold improvements and fixtures used in your Franchised Business at fair market value.
p.	Death or disability of franchisee	12.4	Personal representative may sell or assign entire interest in franchisee under same conditions as required for any other transfer.
q.	Non-competition covenants during the term of the franchise	11.1	Subject to state law, you and your owners may not in any manner, directly or indirectly, be involved with any business competitive with or similar to the Franchised Business.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
r.	Non-competition covenants after the franchise is terminated or expires	11.2	Subject to state law, for two years after termination, no direct or indirect involvement with any business competitive with or similar to the Franchised Business or business we conduct within a 150-mile radius of your Territory or territory of any other New Creations system franchisee.
s.	Modification of the agreement	18.2	We may by written instrument unilaterally waive any obligation or restriction upon you.
t.	Integration/merger clause	18.7	Only the terms of the franchise agreement are binding (subject to state law). Nothing in the Franchise Agreement is intended to disclaim the representations we made in the disclosure document that we furnished to you. Any representations or promises outside of this disclosure document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	18.6	Subject to potential limitations of your state's law (see Exhibit G), and except for certain claims for injunctive relief, all disputes must be settled by arbitration administered by the American Arbitration Association before a single arbitrator.
v.	Choice of forum	18.6(b)	Subject to potential limitations of your state's law (see Exhibit G), unless otherwise agreed in writing by both parties, all disputes must be conducted in either Whatcom County or King County, Washington.
w.	Choice of law	18.5	Subject to potential limitations of your state's law (see Exhibit G), Washington law applies, except the Washington Franchise Investment Protection Act and the Washington Consumer Protection Act shall not apply unless such statutes would apply independent of such choice of law provision.

## ITEM 18. Public Figures

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

## ITEM 19. Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Stevenstone Inc., 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684; phone: (604) 944-0664; the Federal Trade Commission; and the appropriate state regulatory agencies.

## ITEM 20. List of Outlets and Franchisee Information

Our fiscal year ends on December 31. The fiscal year of our Canadian affiliate, New Creations Mobile Restorations Inc., ends on May 31, but for consistency, the numbers disclosed below for Canadian franchisees are also as of December 31 each year.

**Table No. 1A**  
**System-wide Outlet Summary (U.S.)**  
**For years 2022-2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Franchised Businesses at the Start of the Year</b>	<b>Franchised Businesses at the End of the Year</b>	<b>Net Change</b>
Franchised (U.S.)	2022	3	6	+3
	2023	6	13	+7
	2024	13	19	+6
Company-Owned*	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
<b>Total Outlets</b>	<b>2022</b>	<b>4</b>	<b>7</b>	<b>+3</b>
	<b>2023</b>	<b>7</b>	<b>14</b>	<b>+7</b>
	<b>2024</b>	<b>14</b>	<b>20</b>	<b>+6</b>

\* This business is owned and operated by our affiliate, New Creations USA, LLC.

**Table No. 1B**  
**System-wide Outlet Summary (Canada)**  
**For years 2022-2024**

Outlet Type	Year	Franchised Businesses at the Start of the Year	Franchised Businesses at the End of the Year	Net Change
Franchised (Canadian)*	2022	39	40	+1
	2023	40	42	+2
	2024	42	43	+1
Company-Owned (Canadian)**	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
<b>Total Canadian Outlets</b>	<b>2022</b>	<b>40</b>	<b>41</b>	<b>+1</b>
	<b>2023</b>	<b>41</b>	<b>43</b>	<b>+2</b>
	<b>2024</b>	<b>43</b>	<b>44</b>	<b>+1</b>

\* These businesses are franchised in Canada by our affiliate, New Creations Mobile Restorations Inc.

\*\* This business is owned and operated by New Creations Mobile Restorations Inc.

**Table No. 2A**  
**Transfers of U.S. Outlets from Franchisees to New Owners**  
**(other than the Franchisor)**  
**For years 2022-2024**

State	Year	Number of Transfers
Washington	2022	2
	2023	2
	2024	1
Other States	2022	0
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>2</b>
	<b>2023</b>	<b>2</b>
	<b>2024</b>	<b>1</b>

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

Province	Year	Number of Transfers
British Columbia	2022	0
	2023	0
	2024	0
Ontario	2022	1
	2023	0
	2024	1
Saskatchewan	2022	0
	2023	0
	2024	1
Other Provinces	2022	0
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>1</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>2</b>

**Table No. 3A**  
**Status of U.S. Franchised Outlets**  
**For years 2022-2024**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets Operating at End of the Year
Alaska	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Michigan	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Nebraska	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
New Mexico	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
South Carolina	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	1	0	0	0	0	3
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Washington	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	1*	4
	2024	4	1	0	0	0	1**	4
Other States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
<b>Total</b>	<b>2022</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>
	<b>2023</b>	<b>6</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>13</b>
	<b>2024</b>	<b>13</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>19</b>

\* Franchise was transferred to new owner in Indiana who was not yet operating at year end 2023.

\*\* Olympia franchisee is inactive and attempting to sell

**Table No. 3B**  
**Status of Canadian Franchised Outlets\***  
**For years 2022-2024**

Province	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alberta	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
British Columbia	2022	13	1	0	0	0	0	14
	2023	14	0	0	0	1**	1**	13
	2024	13	0	0	0	0	0	13
Manitoba	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Brunswick	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nova Scotia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Ontario	2022	11	0	0	0	0	0	11
	2023	11	3	0	0	0	0	14
	2024	14	1	0	0	0	0	15
Prince Edward Island	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Saskatchewan	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
<b>Total</b>	<b>2022</b>	<b>39</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>
	<b>2023</b>	<b>40</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>42</b>
	<b>2024</b>	<b>42</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43</b>

\* These businesses are franchised in Canada by our affiliate, New Creations Mobile Restorations Inc.

\*\* Nelson franchisee ceased operating business then sold rights to territory back to the franchisor.

**Table No. 4A**  
**Status of U.S. Company-Owned Outlets\***  
**For years 2022-2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Washington	2023	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
<b>Total</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

\* This business is owned and operated by our affiliate, New Creations USA, LLC.

**Table No. 4B**  
**Status of Canadian Company-Owned Outlets\***  
**For years 2022-2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
British Columbia*	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
<b>Total</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

\* This business is owned and operated in Canada by our affiliate, New Creations Mobile Restorations Inc.

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

STATE	AGREEMENTS SIGNED BUT BUSINESSES NOT OPEN	PROJECTED NEW FRANCHISEES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED LOCATIONS IN NEXT FISCAL YEAR
Arizona	0	1	0
California	0	2	0
Colorado	1	1	0
Kentucky	0	1	0
New York	0	2	0
Ohio	0	2	0
Tennessee	0	1	0
Texas	0	2	0
Washington	0	2	0
<b>Totals:</b>	<b>1</b>	<b>14</b>	<b>0</b>

The name of each of our franchisees and the address and telephone number of each of their outlets as of the end of our last fiscal year (unless another date is stated on the list) is in Exhibit A. The name and last known city, state and telephone number or email address of each franchisee whose Franchised Business has been terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the last fiscal year are also included in Exhibit A. There are no franchisees who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

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

No current or former franchisees of Franchisor have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We are not currently aware of any trademark-specific franchisee organization associated with our franchise system.

## **ITEM 21. Financial Statements**

Exhibit E contains our audited financial statements for the years ended December 31, 2022, December 31, 2023, and December 31, 2024. Our fiscal year ends on December 31.

## **ITEM 22. Contracts**

All proposed agreements regarding the franchise offering are attached as follows:

Exhibit B - Franchise Agreement, with attachments:

Schedule D – EFT Agreement

Exhibit F - Guarantee

Exhibit G - State-Specific Addenda

Exhibit H - Franchisee Disclosure Questionnaire and Certification

Exhibit I - Form of General Release

Exhibit K - Receipts

## **ITEM 23. Receipt**

The last Exhibit to this disclosure document contains duplicate Receipts that will serve as an acknowledgement by you that you have received a copy of this disclosure document. You should sign both copies of the Receipt, return one copy to us and retain one for your records. If the Receipt pages, or any other page or Exhibit is missing from your copy of the franchise disclosure document, please contact us immediately.

**EXHIBIT A**

**Lists of Current and Certain Former Franchisees**

## EXHIBIT A

### NEW CREATIONS Franchisees

#### OPERATING U.S. FRANCHISEES as of December 31, 2024:

State	Franchisee Corporation	Contact Name	Address	Phone Number	Franchise Area
AK	Breasais Restorations LLC	Chris Brennar	2835 Marathon Way Unit1 North Pole AK 99705	907-385-9248	Fairbanks
ID	KLN Ventures Inc	Ken Payne	5313 Willean Ln, Eagle, ID 83616	208-985-3605	Boise
IN	Querencia LLC	Keith & Kevin Espirito	238 E St Joseph St Indianapolis IN 46202	253-951-3655	Indianapolis North
MI	Galliani & Associates LLC	Kieth Galliani	2323 Van Buren St Hudsonville MI 49426	757-303-6953	Grand Rapids
NE	RenovaChristi Inc.	Joe Howell	11908 Jackson Rd Omaha NE 68154	402-598-1902	Omaha
NE	Flush with Crackers LLC	Tyler McClymont	204 W 14 <sup>th</sup> Ave Holdrege NE 68949	308-999-7933	Holdrege
NM	Dos Burros LLC	Gary & Erin Looft	1 Shilo Road Santa Fe NM 87508	505-395-2700	Santa Fe
SC	SMLM Enterprises LLC	Stu Mills	450 Cypress Springs Way, Little River, SC 29566	847-788-9307	Coastal Carolina
SC	GGOC LLC	Lino Innocenzi	212 Belgrave DR Blythewood SC 29016	564-201-9281	Columbia
SC	CGH Enterprises Inc	Gregory Howarth	103 Chandler Crest CR Greer, SC 29651	864-569-9184	Upstate
TN	LKR Restoration LLC	Lex Ryan	230 Spring Meadows Dr Ringgold, GA 30736-8904	432-668-1267	Chattanooga TN
TX	D&MW Enterprise LLC	David & Danielle Watson	2647 Calmwood Drive Little Elm TX 76058	214-734-8479	Dallas
TX	Micol Property Solutions LLC	Eric Puls	6347 Bain Dr Missouri City TX 77459	832-810-2427	Houston West
TX	All in Him LLC	Joseph Robida	5812 Pescia Round Rock TX 78665	512-887-2953	North Austin
VA	Muller Enterprises Inc	Mike Muller	214 Loch Haven Dr Williamsburg, VA, 23188	804-519-2428	Williamsburg
WA/ID	DPG Enterprises LLC	Dennis Garvie	6703 E 7 <sup>th</sup> Ave, Spokane Valley, WA 99212	509-230-0574	Spokane Valley / Coeur d'Alene
WA	JQW International LLC	Darren Isaacs	5204 N Elm St, Spokane, WA 99205	509-608-8046	Spokane
WA	New Creations of South Seattle LLC	JD Hartman	10415 43rd St. Ct. East, Edgewood, WA 98372	509-418-8412	South Puget Sound
WA	Blanco Interiors LLC	Nick White	748 Market St #2, Tacoma, WA 98402	253-656-0850	Tacoma, WA

**U.S. FRANCHISEES WHO SIGNED AN AGREEMENT BUT WERE NOT YET OPERATING  
as of December 31, 2024**

<b>State</b>	<b>Franchisee Corporation</b>	<b>Contact Name</b>	<b>Address</b>	<b>Phone Number</b>	<b>Franchise Area</b>
CO		Steven Appleby	1178 Charismatic Way Colorado Springs, CO 80921		Colorado Springs

**OPERATING CANADIAN FRANCHISEES as of December 31, 2024:**

Prov.	Franchisee Corporation	Contact Name	Address	Phone Number	Franchise Area
AB	1399009 Alberta Ltd.	Ben Moerman	Box 65151, Calgary AB. T2N 4T6	(403) 681-4180	Calgary North
AB	1399009 Alberta Ltd.	Ben Moerman	Box 65151, Calgary AB. T2N 4T6	(403) 681-4180	Calgary South
AB	1399009 Alberta Ltd.	Ben Moerman	Box 65151, Calgary AB. T2N 4T6	(403) 681-4180	Lethbridge
AB	1399009 Alberta Ltd.	Ben Moerman	Box 65151, Calgary AB. T2N 4T6	(403) 681-4180	Red Deer
AB	1333329 Alberta Ltd.	Mark Claussen	PO Box 24076 Windermere, Edmonton AB T6W2W2	(604) 414-3974	Edmonton North
AB	1333329 Alberta Ltd.	Mark Claussen	PO Box 24076 Windermere, Edmonton AB T6W2W2	(604) 414-3974	Edmonton South
AB	1671653 Alberta Ltd.	Deryck Morris	8814 – 104Ave., Grand Prairie, AB. T8X1L7	(780) 832-6754	Ft. St. John, BC / Grande Prairie AB
BC	Cornerstone Enterprises I	Dave Stone	9385 – 159 St. Surrey, BC V4N3B9	(503) 753-7160	Richmond/ S. Vancouver/ S. Burnaby
BC	Touched by the Master M Restorations Inc.	Henry Truong	14502 72A Ave., Surrey, BC V3S5K9	(778) 386-4834	N. Vancouver / N. Burnaby
BC	Nuema Restorations Inc.	Henry Truong	14502 72A Ave., Surrey, BC V3S5K9	(778) 386-4834	Surrey / Langley / White Rock (Property)
BC	Seven Pillars Enterprises	I Ted Mosdell	21221 – 95A Ave., Langley BC V1M1P2	(604) 657-2084	Surrey / Langley / White Rock (Automotive)
BC	Billaboom Enterprises	Bill Mosdell	# 12 - 11438 Best Street Maple Ridge, British Columbia V2X 0V1	(604) 329-2953	Mission / Abbotsford / Chilliwack
BC	Hawkes Enterprises Inc.	Andrew Hawkes	5557 Ventura Dr. Nanaimo, BC V9T5M6	(250) 729-1540	Victoria
BC	Hawkes Enterprises Inc.	Andrew Hawkes	5557 Ventura Dr. Nanaimo, BC V9T5M6	(250) 729-1540	Nanaimo
BC	Hawkes Enterprises Inc.	Andrew Hawkes	5557 Ventura Dr. Nanaimo, BC V9T5M6	(250) 729-1540	Courtney / Comox
BC	Gerry Boekhoff	Gerry Boekhoff	4709 Minto St., Peachland, BC V0H1X4	(250) 767-2327	Okanagan (Automotive)
BC	1251779 BC Ltd.	Tyler Kuhn	23691 114A Avenue Maple Ridge, BC V2W 2A4	(250) 718-9741	Okanagan (Property)
BC	610759 BC Ltd.	Phil Lemyre	Box 70, Monte Lake BC V0E2N0	(250) 320-7099	Kamloops
BC	GK Mueller Ltd.	Graeme Mueller	1567 Buchanan Ave. Prince George, BC V2L 4X8	(250) 640-5441	Prince George / Quesnel
BC	Antler Creek Ventures Inc	Nathan Penner	Box 2374, Smithers BC V0J2N0	(250) 877-3584	Smithers / Terrace
MB	10024364 MB Inc	Ryan Thoms	477 Dawson Road, Lorette West Manitoba R5K 0B1	(204) 688-6706	Winnipeg East
MB	10024364 MB Inc	Ryan Thoms	477 Dawson Road, Lorette West Manitoba R5K 0B1	(204) 688-6706	Winnipeg West
NB	DarJan Mobile Restorations Inc.	Darren Clark	#293, 337 Rothesay Ave. Saint John, NB E2J2C3	(506) 639-8040	Saint John / Moncton, NB
NS	New Life Upholstery	Peter Leger	644 – 3 Portland St. Dartmouth, NS B2W2M3	(902) 877-2719	Halifax/Cape Breton

Prov.	Franchisee Corporation	Contact Name	Address	Phone Number	Franchise Area
ON	1976951 Ontario Inc.	Mark Jacobi	871 Norfolk County Road 19, Wilsonville, Ontario N0E1Z0	(519) 861-0470	Brantford / Norfolk
ON	1000021160 Ontario Inc.	Bruce Shields	16 Selby Street Cookstown ON L0L1L0	647-384-9483	Barrie
ON	2711882 Ontario Inc.	Chris Boere	26 Monte Vista Cres. London, ON N6J 4N9	519-652-1566	London
ON	MacLennan Studios Inc.	Rob MacLennan	5628 Whitewood Avenue Ottawa, ON K4M1E1	(613) 601-4667	Ottawa
ON	2449488 Ontario Inc.	John Williamson	30 Regatta Cr. Whitby, ON L1N 9V2	(905) 922-7503	Whitby / Oshawa / Pickering / Ajax
ON	Visi Consulting	Johan & Duessa Du Plooy	26 John Street Thornhill ON L3T1X8	647-272-0713	Vaughan/ Richmond Hill
ON	1000015442 Ontario Limited	Steve Raetsen	81 Eastwood Road Toronto ON M4L2C7	416-454-2324	Scarborough ON
ON	1000021160 Ontario Inc.	Bruce Shields	16 Selby Street Cookstown ON L0L1L0	647-384-9483	Etobicoke ON
ON	1000078050 Ontario Inc	Dave van der Vinne	42 Karen Avenue Guelph ON N1G2N9	519-835-0707	Waterloo/Kitchener ON
ON	10921149 Canada Inc.	Prashanth Ebenezer	23 Circus Cres Brampton, ON L7A 5E3	647-648-6216	Mississauga East
ON	11732978 Canada Inc.	AJ Marshall	23 Victoria St, Stirling, ON, Canada K0K 3E0 P.O box 522	343-809-6901	Belleville / Trenton
ON	Whitehead Restoration and Consulting Ltd.	Todd Whithead	393 Denis Crescent, Azilda, Ontario, Canada, P0M 1B0	705-562-3372	Sudbury
ON	2580166 Ontario Inc.	Fab Cicchelli	878 Shepherd Place Milton, ON L9T 6L9	647-548-7558	Burlington
ON	2657341 Ontario Inc.	Manu Sharma	70 Thomtree Cres Brampton ON L6Y 3X9	587-930-4335	Oakville
ON	1000853902 Ontario Inc.	Nathanael Masters	18 King St East, Forest, ON N0N 1J0	519-328-2069	Sarnia/Lambton
PEI	John Walsh New Creations Incorporated	John Walsh	15 Livingston Cres. Cornwall PE C0A 1H4	(902) 213-5600	Charlottetown, PEI
SK	Tiffin Enterprise Ltd.	Galen Tiffin	102 Jabush Rd RM of Aberdeen SK S7A 0A6	639-365-1337	Saskatoon
SK	102118155 Saskatchewan Corp.	Jason Salmon	Box 1223 300 Elgin Cres Lumsden S0G3C0	306-527-1901	Regina

### CANADIAN PART-TIME AREAS as of December 31, 2024

Prov.	Franchisee Corporation	Contact Nam	Address	Phone Number	Franchise Area
NB	Hannan's Mobile Services	Marc Hannan	1265 Johnston Ave., Bathurst, NB E2A 3T4	(506) 544-5445	Bathurst / Miramichi

**Certain Former NEW CREATIONS Franchisees  
as of December 31, 2024**

The following franchisees transferred a franchise to a new owner, had a Franchised Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the 2024 calendar year:

**FORMER U.S. FRANCHISEES:**

State	Contact Name	Address	Phone Number	Franchise Area
WA	Keith Espirito	Edgewood WA 98372	253-951-3655	Transferred South Puget Sound business to new owner
WA	Cody Jacks	Olympia, WA 98513	360-539-5629	Inactive and attempting to sell

**FORMER CANADIAN FRANCHISEES:**

Province	Contact Name	Address	Phone Number	Franchise Area
ON	Sankalp Gupta	Barrie, Ont. L4M6E1	(647) 649-3111	Transferred Barrie business to new owner
SK	Ben Moerman	Calgary AB T2N 4T6	403-681-4180	Transferred Saskatoon business to new owner

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

**EXHIBIT B**

**Franchise Agreement**



## **FRANCHISE AGREEMENT**

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Schedule C – Start-Up Kit

Schedule D – EFT Agreement

## NEW CREATIONS FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between, **STEVENSTONE INC.**, a Washington corporation (“Franchisor,” “we,” “us” or “our”), and [**FRANCHISEE NAME**], a [state] [entity type] (“Franchisee,” “you” or “your”).

### ARTICLE 1 GRANT OF FRANCHISE

1.1 Grant and Term. Subject to the provisions of this Agreement, the Franchisor grants to the Franchisee the right to operate a Franchised Business in the Territory using an approved Vehicle, and a non-exclusive license to use the Marks in the operation of the Franchised Business for a term of ten years.

1.2 Exclusivity. Except as otherwise provided in this section, the Franchisor will not, so long as this Agreement is in effect and the Franchisee is not in default under any of its terms, directly or indirectly operate or grant to any other person a franchise to operate a Franchised Business within the Territory.

1.3 Renewal. If the Franchisee has complied with all of the terms and conditions of this Agreement and any other Agreement between the Franchisee and the Franchisor and its affiliates, and is in compliance with the operating standards and criteria established for the Franchised Business, the Franchisee shall have the option to renew the franchise granted under this Agreement for one renewal term of ten years. Such renewal shall be without payment of a renewable initial franchise fee but shall be subject to the following terms and conditions:

- (a) The Franchisee shall agree to make such capital expenditures as may be reasonably required to renovate and modernize the Vehicle, signs and equipment so as to reflect the then-current image of the System and vehicles at the time of the renewal.
- (b) The Franchisee must have the right to remain in possession of the Vehicle, or a replacement Vehicle, for the renewal term.
- (c) The Franchisee shall pay the Franchisor a \$10,000 renewal fee.
- (d) The Franchisee shall give the Franchisor written notice of its desire to exercise the option herein granted to continue as a Franchisee not less than 12 months prior to the expiration of the initial term of this Agreement.
- (e) At the commencement of the renewal term, the Franchisee shall enter into the Franchisor’s then-current form of Franchise Agreement.

1.4 Franchisee Entity; Guarantee. The Franchisee must at all times be a business entity, such as a corporation or limited liability company. Regardless of the business form the Franchisee operates under, all of the shareholders, partners or members of the Franchisee entity

as shall be required by the Franchisor to sign the Franchisor's current form of guarantee at the same time as the Franchisee executes this Agreement.

## **ARTICLE 2 FRANCHISED BUSINESS**

2.1 Premises. The Franchisee is not required but is strongly encouraged to operate the Franchised Business from the Franchisee's personal residence. The address of the Franchised Business is set forth in Schedule A hereto. The Franchisee shall not operate the Franchised Business from a retail premises without the Franchisor's prior written consent, which will not be unreasonably withheld.

2.2 Opening of Franchised Business. At least 30 days' prior to the proposed opening of the Franchised Business, the Franchisee shall give the Franchisor 30 days' written notice of the proposed opening date so that the training dates and location(s) can be determined. The Franchisee must purchase an inventory of goods and supplies that the Franchisor determines, in its sole discretion, are required to begin operations. The Franchisee shall not open for business without the prior written consent of the Franchisor, which approval shall not be unreasonably withheld.

2.3 Equipment, Supplies and Signs. The Franchisee agrees to use in the operation of the Franchised Business only the equipment, supplies, and signs that the Franchisor has approved. All such equipment, supplies, and signs shall be purchased from suppliers designated by the Franchisor (which may include the Franchisor and its affiliates), unless the Franchisor agrees otherwise in writing. The Franchisee further agrees to place on the exterior of the Vehicle only such signs, emblems, logos, and display materials approved in writing by the Franchisor.

2.4 newcreations.com Email Account. The Franchisee agrees to use in the operation of the Franchised Business at least one newcreations.com email account, and shall pay to the Franchisor its standard fee for such accounts.

2.5 Condition and Appearance of Franchised Business. The Franchisee agrees to maintain the condition and appearance of the Franchised Business Vehicle(s) in a manner consistent with the image of the System, offering high-quality products and efficient, courteous service. The current Vehicle Requirements are set forth in Schedule A hereto. The Franchisee agrees to maintain the Vehicle as is reasonably required to maintain such condition, appearance, and efficient operation, including periodic cleaning and decorating. If at any time in the Franchisor's reasonable judgment the general state of repair, appearance, or cleanliness of the Vehicle, of the Franchisee's equipment or signs does not meet the Franchisor's standards therefor, the Franchisor shall notify the Franchisee, specifying the action to be taken by the Franchisee to correct such deficiency, and the Franchisee shall promptly correct the identified deficiencies. If the Franchisee fails to cure the deficiencies within the time stated in the notice, the Franchisor may, without prejudice to any other rights or remedies, cause such repairs or maintenance to be done at the sole cost and expense of the Franchisee. The Franchisee shall reimburse the Franchisor for the amount of costs and expenses upon receipt of an invoice from the Franchisor.

2.6 Use of Vehicle. Subject to Section 2.1, the Franchisee agrees that the Vehicle(s) used in the operation of the Franchised Business shall be operated primarily as a New Creations Franchise throughout the term of this Agreement, including any renewal term. The Franchisee shall not, without the prior written consent of the Franchisor, make any material alterations, additions, replacements, or improvements to the Vehicle. Notwithstanding the foregoing, the Franchisee may use the Vehicle for occasional personal use so long as such use will not in any way tarnish the reputation or standing of the Franchisor in the community in the opinion of the Franchisor.

2.7 Uniforms. The Franchisee shall cause all employees to wear New Creations branded clothing approved by Franchisor while on job sites, and present a neat and clean appearance.

2.8 Technology Systems. Franchisee must acquire, maintain, and use computer hardware and software, and other technology systems conforming to Franchisor's requirements for use in the New Creations System. If Franchisor develops, acquires, or licenses such hardware, software, or other technology systems, Franchisee must pay Franchisor's then-current charges for such hardware, software, or other technology systems.

### **ARTICLE 3 TRAINING AND OPERATING ASSISTANCE**

3.1 Training by Franchisor. The Franchisor shall provide, at no additional charge to the Franchisee, training in the operation of the Franchised Business for up to two representatives of the Franchisee who attend the same training sessions. The Franchisee's representatives must complete this initial training to Franchisor's satisfaction. This training shall be such period as the Franchisor may reasonably require, but shall not exceed four weeks. The Franchisee shall be solely responsible for all its expenses during the period of training. It is expressly agreed that no compensation shall be payable by the Franchisor to the Franchisee for any services rendered to others at any Franchisor owned or franchised outlet during training.

3.2 Refresher Courses. The Franchisee and any of its employees as the Franchisor may require, must attend additional training at their own expense. Attendees must successfully complete all training required by the Franchisor. Franchisor shall not require additional training more than two weeks once per calendar year. The Franchisee may request additional training, upgrading or refresher courses or programs for the Franchisee and any of its employees. The Franchisee must pay the Franchisor's training fee, currently \$750 per attendee per day, payable two weeks before the commencement of such additional training. The Franchisee shall be responsible for all of its personal expenses and that of its attendees who attend any additional training. One representative of the Franchisee shall attend the annual technical and business-related meetings and/or training seminar at least every second year.

3.3 Hiring and Training by Franchisee. The Franchisee shall be exclusively responsible for the terms of the employment, compensation, and proper training of its employees in the operation of the Franchised Business. The Franchisee is required to enter into written employment and non-disclosure agreements with its employees and subcontractors that state that the Franchisor is not the employer or joint or common employer of Franchisee employees or

subcontractors and wherein the employee or subcontractor covenants not to disclose the Franchisor's Confidential Information. The Franchisee alone shall determine how to staff its operations, and shall alone have the right to determine when and where its employees or subcontractors shall work, what days or periods of time its employees or subcontractors shall work, and what wages or salaries Franchisee decides to pay its employees and subcontractors.

3.4 Operating Assistance. After the Franchisee opens for business, the Franchisor shall furnish to the Franchisee continuing advice and guidance with respect to the following:

- (a) Training of employees and subcontractors in accordance with the Franchisor's quality standards and proprietary procedures;
- (b) Purchasing of inventory and supplies;
- (c) Formulation and implementation of advertising and promotional programs;
- (d) Establishment and maintenance of administrative, bookkeeping, accounting, inventory control, and general operating procedures;
- (e) Results of research on market trends where practicable;
- (f) Technical and business-related meetings and training seminars conducted at least annually in Port Coquitlam, British Columbia, or other specified locations; and
- (g) Provide a toll-free line for technical, sales, or management advice.

3.5 Additional Assistance. Upon reasonable written request by the Franchisee, as determined by the Franchisor, the Franchisor shall endeavor to furnish service to the Franchisee to aid in the solution of specific problems beyond the scope of the Franchisor's obligations in Section 3.4 above.

3.6 Performance Coaching/Training. If your Gross Sales per population for a calendar year is in the bottom 25% of all locations in the system, we may require you, at your cost, to obtain coaching or training from a designated third party.

#### **ARTICLE 4 OBLIGATIONS OF FRANCHISEE**

Throughout the term of this Agreement, including any renewal thereof, the Franchisee agrees as follows:

- (a) To ensure that the Franchised Business is at all times under the direct supervision of the Franchisee, its manager, or where the Franchisee's manager is absent due to illness, vacation, or other similar cause, a trained and competent employee of the Franchisee. The Franchisee shall keep the Franchisor informed at all times of the identity of the employee acting as manager of the Franchised Business. The Franchisee further agree that it will at all times faithfully, honestly and diligently perform or cause to be

performed the obligations hereunder and will continuously exert its best efforts to promote and enhance the Franchised Business.

(b) To comply with all mandatory specifications, standards and operating procedures prescribed by the Franchisor relating to the operation of the Franchised Business, including without limitation:

(i) Billing or invoicing including electronic invoicing, or such other methodology as mandated by the Franchisor, and quality of goods and services offered;

(ii) Safety, maintenance, cleanliness, function, and appearance of the Vehicles operated by the Franchisee;

(iii) General appearance of employees of the Franchised Business and require all persons conducting the Franchised Business to wear branded "New Creations" clothing when servicing customers;

(iv) Use of the Marks;

(v) Identification of the Franchisee as the owner of the Franchised Business; and

(vi) Complying with the provisions of the Franchisor's Manual.

(c) To offer only such services and products authorized by the Franchisor for all New Creations Franchises and to refrain from offering any other services or products.

(d) To secure and maintain all required licenses, permits, and certifications relating to the operation of the Franchised Business and to ascertain and to operate the Franchised Business in full compliance with all applicable laws and regulations, including, without limitation, all governmental regulations relating to occupational hazards and health; workmen's compensation insurance; unemployment insurance; and withholding and payment of federal and local government taxes; and all federal and state wage and hour laws, or laws relating to discrimination in the workplace, as well in compliance with all policies and operating standards reasonably prescribed by the Franchisor.

(e) To procure and maintain at all times during the term of this Agreement and any renewal thereof such insurance coverage as the Franchisor may require (including without limitation product liability insurance, fire and extended coverage insurance on the equipment, Vehicle leasehold improvements and stock of the Franchised Business, business interruption insurance, rental insurance, malpractice insurance, and public liability and indemnity insurance) fully protecting the Franchisor and the Franchisee against loss or damage occurring in conjunction with the operation of the Franchised Business. All costs in connection with the insurance required hereunder shall be borne solely by the Franchisee. Such insurance shall be written by a qualified insurance company satisfactory to the Franchisor and shall be in such amounts as the

Franchisor shall specify. The Franchisor shall be an additional named insured in all such policies. The Franchisee agrees that the insurance afforded by such general liability policy or policies shall not be limited in any way by reason of insurance maintained by the Franchisor.

(f) Franchisee is required to provide Franchisor with a copy of Franchisee's certifications of insurance. Certificates confirming the renewal of each of the said policies shall be furnished to the Franchisor at least ten days prior to the expiry or renewal of each such policy. Such certificates shall state that the policy or policies referred to therein shall not be cancelled or altered without at least 30 days' prior written notice to the Franchisor. If the Franchisor receives notice from any insurer regarding impending cancellation or lapse of any such policy due to non-payment by the Franchisee, the Franchisor may at its option pay the required amounts on behalf of and for the account of the Franchisee, and the Franchisee agrees to promptly reimburse the Franchisor for all amounts so paid. Maintenance of such insurance and the performance by the Franchisee of its obligations hereunder shall not relieve the Franchisee of liability under the indemnity provisions set forth in Article 14 hereof.

(g) Notwithstanding any of the foregoing, if required by the terms of any Agreement between the Franchisor and third parties, or if the Franchisee fails to insure as required hereunder, the Franchisor may at its option obtain all or any part of the insurance required of the Franchisee in this subsection in the name of and on behalf of the Franchisee and for the Franchisee's account, and the Franchisee covenants and agrees to make timely payment of all premiums and other charges with respect to such insurance.

(h) To maintain all equipment, the Vehicle, fixtures, and furnishings used in connection with the Franchised Business in good order and repair, and to cause the same to be replaced as they become obsolete or mechanically impaired with either the same or substantially the same types and kinds of fixtures, equipment, and furnishings prescribed by the Franchisor for use by New Creations Franchises at the time replacement becomes necessary.

(i) To display approved Franchisor colors, decals, or signs on all equipment used in the Franchised Business, to wrap the Vehicle in the appropriate decals, to ensure that at all times prompt, courteous, and efficient service is accorded to customers of the Franchised Business, and to adhere in all dealings with the Franchisee's customers, suppliers, and the public to the highest standards of honesty, integrity, fair dealing, and ethical conduct.

(j) To maintain at all times a sufficient number of adequately trained employees and workers to service all customers of the Franchised Business and to maintain an inventory of goods and products sufficient to satisfy customer demand and to efficiently operate the Franchised Business.

(k) To participate in such advertising programs if and when in the future the Franchisor invites Franchisees to participate in such advertising.

(l) To maintain and employ at all times during the term of this Agreement in connection with the Franchised Business such working capital as may be required to enable the Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities.

(m) To permit the Franchisor or its authorized agents to inspect the Vehicle(s) and to examine and test equipment, goods, and services. The inspection may be conducted during regular business hours of the Franchised Business at the discretion of the Franchisor. The Franchisor shall notify the Franchisee of any deficiencies detected during inspection and the Franchisee shall diligently correct any such deficiencies.

(n) To purchase from the Franchisor or from suppliers designated in writing specified goods and equipment sold or used in the Franchised Business. The Franchisee acknowledges and agrees that the Franchisor shall be entitled to the benefit of any and all discounts, volume rebates, or other concessions that the Franchisor may obtain from any person, firm, or corporation.

(o) To advise each supplier and all others with whom the Franchisee deals that the Franchisee is an independent contractor and that all debts incurred by it are for the account of the Franchisee only and not the Franchisor.

(p) To use the Franchisee's best efforts to protect its customers against a cyber-event, identity theft, or theft of personal information. The Franchisee must at all times be compliant with all legal requirements including: the Payment Card Industry Data Security Standards; the NACHA ACH Security Framework; the operating rules and regulations of all credit card and merchant services providers; provincial and federal laws and regulations relating to data privacy, data security and security breaches; and the Franchisor's then-current security policies and guidelines, as applicable.

## **ARTICLE 5 FEES AND ROYALTIES**

5.1 **Initial Fee.** In consideration of the Franchisor's grant of the Franchised Business, the Franchisee shall pay to the Franchisor a non-recurring, non-refundable franchise fee in the amount of \$65,000. The Franchisee shall purchase from the Franchisor the Start-Up Kit, as described in Schedule C, for a purchase price of \$23,000.

5.2 **Continuing Royalty.** In return for the ongoing rights and privileges to operate a Franchised Business using the Marks, the Franchisee shall pay a monthly royalty of seven percent (7%) of Franchisee's Gross Sales. The Franchisee must provide the Franchisor and its designee with electronic access to the Franchisee's accounting system which enables such designee to review, obtain, and calculate the current Gross Sales. Following the close of each calendar monthly accounting period of the Franchised Business, or such other date as may be mandated by the Franchisor (each such period being hereinafter referred to as an "Accounting Period"), the Franchisor will, within five days, provide to the Franchisee a statement of Royalties due based on the Franchisee's Gross Sales for the preceding Accounting Period. Not earlier than ten (10) days following the close of each Accounting period, the Franchisor will implement an

EFT for payment of such Royalties. The acceptance by the Franchisor of payments of royalties shall be without prejudice to the Franchisor's rights to examine the Franchisee's books and records as contemplated in Article 7, and to require adjustment if warranted by such examination.

5.3 Outside-Territory Fees. The Franchisee is not permitted to solicit new orders or customers outside of the Protected Territory, but Franchisee may perform services outside the Protected Territory upon payment of outside-territory fees as follows.

(a) In the event the Franchisee provides services to a location in a territory that has not been awarded to a franchisee, then the Franchisee will pay to the Franchisor an additional territory fee of twenty percent (20%) of Gross Sales arising from the services conducted in such territory, all under the same terms and conditions as shall apply to the Territory of the Franchisee as set forth herein. In this instance, the Gross Sales shall be allocated as follows:

(i)	Royalty fee to the Franchisor	7%
(ii)	Outside-Territory fee payable to the Franchisor	20%*
(iii)	Remainder of the Gross Sales to the Franchisee performing the work	73%

\* This fee is reduced to 5% as part of an early adopter incentive package.

(b) Franchisee must obtain written permission from another franchisee before performing services at a location inside that franchisee's territory. In the event the Franchisee provides services to a location in another franchisee's territory, then the Franchisee will pay to the franchisee of the territory where services are performed a fee of fifteen percent (15%) of Gross Sales (or a different amount if one has been negotiated between the two franchisees). In this instance, the Gross Sales shall be allocated as follows:

(i)	Royalty fee to the Franchisor	7%
(ii)	Outside-Territory fee payable to the franchisee of the territory where services are provided	15%
(iii)	Remainder of the Gross Sales to the Franchisee performing the work	78%

## **ARTICLE 6 ADVERTISING AND PROMOTION**

6.1 Local Advertising. The Franchisee is not required to, but shall have the right to, conduct local marketing and promotions for the Franchised Business as Franchisee shall, in its reasonable discretion choose, provided that:

(a) The Franchisee shall advertise and promote only in a manner that will reflect favorably on the Franchisor, the Franchisee, the products and services offered for sale, and the good name, goodwill, and reputation of the System.

(b) The Franchisee shall not use any marketing and promotions material without the Franchisor's prior written approval, which shall not be unreasonably withheld or unduly delayed. In no event shall the Franchisor take more than thirty (30) days either to approve or to reject the Franchisee's local marketing or promotions material. The Franchisor reserves the right to adopt any marketing or promotions submitted by the Franchisee for approval for general use in marketing or promoting products and services in any part of the System. The Franchisee, in submitting any such marketing or promotions, agrees that each such submission shall constitute an irrevocable and perpetual assignment of the copyright for such marketing or promotions to the Franchisor.

(c) The Franchisee may not advertise or solicit orders outside of the Protected Territory without the prior approval of the Franchisor, and neither the Franchisee nor the Franchisor may advertise or solicit orders within the territory of another franchisee unless such advertising is cooperative as set forth herein.

6.2 Advertising Fee. Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, the Franchisee hereby agrees that Franchisor or its designee shall have the right to establish, maintain, and administer an advertising fund in the future (the "Fund") for such local, regional, and national advertising programs as Franchisor may deem necessary or appropriate in the future, to which the Franchisee shall be required to contribute up to a maximum 2% of monthly Gross Sales. Should Franchisor elect to establish the Fund during the term of this Agreement, Franchisor shall provide 180 days' prior written notice, and such notice shall specify the amount of the Fund contribution.

6.3 Use of Advertising Funds. If established, the Fund will be used and expended for media costs, market research costs, creative, and production costs, including without limitation the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs undertaken by Franchisor, including the cost of electronic or technical devices or medium necessary to facilitate the advertising or promotional programs of the Fund. Franchisor reserves the right to place and develop such advertisements and promotions and to market same as agent for and on the Franchisee's behalf. Without in any way limiting the foregoing, Franchisor may, but is in no way obliged, utilize the Fund or a portion thereof for advertising and promotions on the Internet or Internet-like services (i.e.: social media) including creation and maintenance fees for websites, or production of promotional or marketing materials, videos, commercials, or other media. The Fund shall be accounted for separately from the other funds of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Fund and its advertising programs (including, without limitation, conducting market research). A statement shall be prepared annually on the use of a Fund and provided to the Franchisee upon request, at the expense of the Fund. Franchisor reserves the right to place and develop such advertisements and promotions and to

market same as agent for and on the Franchisee's behalf, or other franchisees, either directly or through an advertising agency retained or formed for such purpose or through co-operative advertising groups composed of System franchisees designated by Franchisor, and the Franchisee hereby agrees to pay all reasonable costs in connection with such advertising and promotions.

6.4 No Pro Rata Rights. The Franchisee acknowledges and agrees that any Fund is intended for the benefit of the System and/or the Concepts, and that Franchisor undertakes no obligation in administering the Fund to ensure that any particular franchisee, including the Franchisee, benefits directly or pro rata from the creation or use of such advertising and promotional materials.

## **ARTICLE 7 FRANCHISED BUSINESS RECORDS AND REPORTING**

7.1 Bookkeeping, Accounting and Records. The Franchisee shall establish, purchase, or license a bookkeeping, accounting and record-keeping system, and other software conforming to the requirements prescribed by the Franchisor. The Franchisee shall pay directly to the third-party software provider any licensing fees required by the software supplier. The Franchisee should retain without limitation any and all cash register tapes, invoices, purchase orders, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursement journals, and general ledgers together with such other documents as may be required by the Franchisor to accommodate any changes in such systems, including any computerized bookkeeping and accounting systems. The Franchisee and all personnel employed by the Franchisee shall record at the time of sale, in the presence of the customer, all receipts for sales or other transactions, whether for cash or credit, in a manner approved by the Franchisor and having such other features as shall be approved by the Franchisor.

The Franchisee shall grant the Franchisor access to such bookkeeping, accounting and record-keeping system to allow the Franchisor to review all sales and financial data required to verify and determine the royalty fees payable.

7.2 Reports and Financial Information. The Franchisee shall furnish to the Franchisor in the form from time to time prescribed by the Franchisor:

(a) The Franchisee must provide the Franchisor and its designee with electronic access to the Franchisee's accounting system which enables such designee to review, obtain, and calculate the current Gross Sales.

(b) As soon as practicable, and in any event within 60 days after the end of the first six Accounting Periods in each fiscal year of the Franchised Business, a balance sheet for the Franchised Business as at the close of such six-month period together with a profit and loss statement and a statement of retained earnings for such period, all in reasonable detail and signed and verified by the Franchisee;

(c) As soon as practicable, and in any event within 60 days of the end of each fiscal year of the Franchised Business, a balance sheet as at the close of such fiscal year together with a profit and loss statement setting forth in comparative form the

corresponding figures for the same period in the previous fiscal year, all in reasonable detail and prepared by a firm of independent chartered accountants or certified general accountants acceptable to the Franchisor.

(d) Should the Franchisor provide any other services to Franchisees, including but not limited to group benefits plans, liability insurance, and like matters, the Franchisee agrees to pre-authorize payment for such services.

Except to the extent necessary to protect the interests of the Franchisor under this Agreement, all information referenced in this section shall be kept confidential by the Franchisor. The Franchisee acknowledges that such financial information will be furnished solely for the information of the Franchisor, and the Franchisor undertakes no obligation to review such financial information or to advise the Franchisee in connection therewith.

7.3 Franchisor's Right to Audit. The Franchisor shall have the right, at any time during normal business hours and without prior notice to the Franchisee, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, cash register tapes, invoices, purchase orders, payroll records, check stubs, and bank deposit receipts of the Franchised Business, the monthly reports, financial statements, tax returns or schedules, and other forms, information and supporting records which the Franchisee is required to submit to the Franchisor hereunder and the books and records of any corporation or partnership which owns or operates the Franchised Business. The Franchisee shall fully cooperate with representatives of the Franchisor and its accountants to conduct any such inspection or audit. In the event any such inspection or audit shall disclose an understatement of Gross Sales for any period or periods, the Franchisee shall pay to the Franchisor, within 15 days after receipt of the inspection or audit report, the royalty and other sums due on account of such understatement. Further, in the event that such inspection or audit is made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules, or any other documentation as herein required, or if an understatement of Gross Sales for any period is determined to be greater than 3 percent by any such inspection or audit, the Franchisee shall promptly reimburse the Franchisor for the cost of such inspection or audit, including without limitation, the charges of any accountant and the travel expenses, room, board, and compensation of employees of the Franchisor, and any understated amounts (with interest on payment at the Prime Bank Rate plus 7 percent from the date that payments originally were due to the actual date of payment).

## **ARTICLE 8 CONFIDENTIALITY**

The Franchisee acknowledges that its knowledge of the operation of the Franchised Business will be derived from the information disclosed to the Franchisee by the Franchisor pursuant to this Agreement, including the Confidential Information, which the Franchisee acknowledges is proprietary to the Franchisor and contains trade secrets and is confidential. "Confidential Information" means any information known, used or developed by the Franchisee or the Franchisor in connection with the Franchised Business, including but not limited to the System, the Manual, training materials, and any system, design, compilation of information, data, original work, information pertaining to the customers of the Franchisor,

income, profit, profitability, pricing, marketing information, intellectual property, and potential business ventures of all kinds, but does not include any of the foregoing which was known to the Franchisee prior to receipt of the Franchisor's Franchise Disclosure Document or which is or becomes a matter of public knowledge. The copyright in the Manual and other documentation or information shall be the property of the Franchisor. The Franchisee agrees that it will maintain the absolute confidentiality of such Confidential Information during and after the term of this Agreement and that it will not use any Confidential Information in any manner whatsoever other than for the purposes of operating the Franchised Business in accordance with this Agreement.

## **ARTICLE 9 MARKS**

9.1 License to Use Marks. So long as the Franchisee continues to operate the Franchised Business and is not in breach of any of the terms or conditions herein contained, and subject to the provisions herein, the Franchisee shall have the right to use and display in the conduct of the Franchised Business the trademark "NEW CREATIONS" and such other of the trademarks now or hereafter owned by the Franchisor and designated by it for use in connection with the Franchised Business.

9.2 Integrity of Marks. The Franchisee shall operate the Franchised Business utilizing the Marks without any accompanying words or symbols of any nature unless first approved in writing by the Franchisor.

9.3 Corporate Name of Franchisee. No part of the Marks nor any words similar thereto shall be included in any registered name or trade name utilized by the Franchisee or by any corporation, partnership or other entity in which the Franchisee may, at any time, have a direct or indirect interest without the express written consent of the Franchisor, which consent may be arbitrarily withheld.

9.4 Use and Display of Marks. The Franchisee shall use the Marks only in connection with the sale or distribution of goods and services specifically approved in advance by the Franchisor and for no other purpose. All renderings of the Marks shall be accompanied by a notice indicating the ownership of the Marks by the Franchisor, in such form as the Franchisor may require.

9.5 Ownership of Marks. Neither this Agreement nor the operation of the Franchised Business shall be deemed to confer upon the Franchisee any interest in any of the Marks except the right to use the same in accordance with the terms hereof, and the Franchisee agrees not to use any of the Marks in any manner calculated to represent that the Franchisee is the owner of the Marks. The Franchisee agrees during the term of this Agreement (including any renewal term) and thereafter not to dispute or contest, directly or indirectly, the validity or enforceability of any of the Marks, nor to counsel, procure, or assist anyone else to do the same, nor directly or indirectly to attempt to dilute the value of the goodwill attaching to the Marks, nor to counsel, procure, or assist anyone else to do the same. The Franchisor does not make any representation or warranty to the Franchisee that any of the Marks are registered or registrable, that the Franchisor has the right or exclusive right to use any of the Marks, or that the Marks do not infringe on any intellectual property, proprietary or other right of any person.

9.6 Display of Notice. If requested by the Franchisor, the Franchisee shall prominently display on the Vehicle a sign containing the following notice:

“[ENTITY NAME] is an independent owned and operated franchise business authorized to use the trademarks NEW CREATIONS. NEW CREATIONS is a trademark registered to New Creations Mobile Restorations Inc.”

Prior to any use by the Franchisee of any additional or substitute trademark or trade name of the Franchisor, the Franchisee shall, at its own expense, amend such sign to explicitly refer to each such additional or substitute trademark or trade name.

9.7 Infringement Notice. The Franchisee shall immediately notify the Franchisor of any infringement of, or challenge to the Franchisee’s use of, any of the Marks and the Franchisor shall have the sole discretion to take such action as it deems appropriate. The Franchisor agrees to indemnify the Franchisee and to reimburse the Franchisee for all damages for which it is held liable in any proceeding arising out of the use of any of the Marks in compliance with this Agreement and for all costs reasonably incurred by the Franchisee in the defense of any such claim brought against it or in any such proceeding in which it is named as a party. If it becomes advisable at any time at the sole discretion of the Franchisor for the Franchisee to modify or discontinue the use of any of the Marks or use one or more additional or substitute trade names or trademarks, the Franchisee agrees to do so at its expense.

## **ARTICLE 10 TERMINATION OF FRANCHISE**

10.1 Events of Termination. The Franchisor may terminate this Agreement upon the occurrence of any of the following events, after any stated notice and opportunity to cure:

- (a) if the Franchisee fails to complete all required training and commence the active operation of the Franchised Business within six months from the date of execution of this Agreement;
- (b) if the Franchisee fails to furnish reports, financial statements, tax returns or schedules or any other documentation required by the provisions of Article 7, or fails to furnish the same at the times therein specified, or if the Franchisee for a reason other than clerical error understates Gross Sales for any period by more than 3 percent, or by reason of clerical error makes any such understatement on more than two occasions in any 12-month period;
- (c) if a lease for the Franchisee’s Vehicle is terminated by reason of a breach by the Franchisee, or any of the Franchisee’s employees or subcontractors;
- (d) if the Franchisee purports to assign this Agreement and its interest hereunder, or any other thing the assignment of which is regulated by Article 12, without fully complying with the requirements of Article 12;

(e) if the Franchisee engages in any conduct or practice that, in the reasonable opinion of the Franchisor, reflects unfavorably upon or is detrimental or harmful to the Marks, good name, goodwill, or reputation of the Franchisor or to the business, reputation or goodwill of its franchisees, including unprofessional or abusive behavior towards members of the public or Franchisor's personnel, and the Franchisee fails to cease such conduct or practice within five days of receipt of written notice from the Franchisor;

(f) if the Franchisee or its principals have made any material misrepresentation or omission in the application to be a franchisee or in operating as a franchisee, or have committed fraud or misrepresentation in connection with the application for the Franchised Business;

(g) if the Franchisee is in default of any of the other terms of this Agreement and such default continues for more than 30 days after receiving a written notice of default from the Franchisor, or five days if the default is for non-payment of any amounts owed pursuant to the terms of this Agreement; provided that where if a default cannot be cured within such 30-day period, the Franchisee shall have such additional period of time to cure such default as the Franchisor's sole discretion may allow, as long as the curing of such default is begun promptly and pursued diligently and continuously to completion; or

(h) if the Franchisee has received from the Franchisor during any consecutive 12-month period three or more notices of default, whether such notices relate to the same or different defaults and whether or not such defaults have been remedied by the Franchisee.

10.2 Termination without Opportunity to Cure. This Agreement shall automatically terminate upon the happening of any of the following events:

(a) If the Franchisee becomes bankrupt or insolvent, if a petition in bankruptcy is filed against the Franchisee and is not discharged or disputed bona fide within three days of filing or if a receiving order is made against the Franchisee;

(b) If a receiver or other custodian (permanent or temporary) of the Franchised Business or any part thereof is appointed by instrument or by any Court of competent jurisdiction, if any proceeding for a composition with creditors under federal or provincial law should be instituted by or against the Franchisee, or if distress or other analogous process be made against the assets of the Franchised Business; or

(c) If the Franchisee ceases or takes any steps to cease the operation of the Franchised Business.

10.3 Cease Use of Marks. Upon termination of this Agreement, all rights of the Franchisee shall cease and the Franchisee shall immediately cease stop using the Marks and shall remove the Marks from all signs, slogans, symbols, and letterheads of whatever character which use the name, mark, logo, or symbol of the Franchisor, including but not limited to any name, word, or combination of words containing the trademark "NEW CREATIONS." The Franchisee shall further execute such documents and take such action as the Franchisor may deem necessary

or advisable to evidence the fact that the Franchisee has ceased such use and has no further interest or right thereunder.

10.4 Return or Destroy Confidential Information. Immediately after the date of such termination, the Franchisee shall return or destroy all Confidential Information used by or in the possession of the Franchisee relating to the Franchised Business together with all materials (including inventory) bearing any of the Marks.

10.5 Option to Purchase. In the event of the termination of this Agreement for any reason, the Franchisor shall have the option to purchase any or all inventory, supplies, equipment, furnishings, leasehold improvements, and fixtures owned and used by the Franchisee in connection with the Franchised Business at a total price equal to the fair market value thereof, as determined by the mutual agreement of the Franchisor and the Franchisee, and failing such agreement within five days of the exercise of such option by the Franchisor, by a qualified independent appraiser selected by the Franchisor. For the purposes of this Section, the fair market value of inventory and supplies shall be the lower of cost (determined on a first in first out basis and net realizable wholesale value). The determination of such appraiser shall be final and binding. The Franchisor may exclude from the assets purchased hereunder any items which are obsolete, damaged or otherwise not in marketable condition in the Franchisor's reasonable opinion.

(a) The Franchisee shall, during normal business hours, afford access to its books, records and properties relating to the Franchised Business to the Franchisor's accountants and/or appraisers.

(b) If the Franchisor exercises its option pursuant to this section, the transaction of purchase and sale shall be closed within five days of the date of the exercise of such option, and shall be completed in accordance with all applicable legislation; the Franchisee shall deliver against payment for the inventory, equipment, furnishings and fixtures so purchased, a bill of sale with the usual covenants as to title.

10.6 Transfer of Phone Numbers and Business-Related Websites. Notwithstanding any contrary provisions in this Agreement, upon the termination of this Agreement for any reason the Franchisee agrees that all interest in and rights to use all telephone numbers, cellular telephone numbers, telephone directory listings, email addresses, and websites related to the Franchised Business or other pertinent online data in use by the Franchisee at the time of such termination shall, upon request by the Franchisor, be transferred to and vested in the Franchisor and the Franchisor shall have the full and exclusive right to use such numbers, listings, and sites, as well as the right to authorize the use thereof by any other Franchisee. The telephone company and all listing and online agencies may accept this Agreement as conclusive evidence of the exclusive right of the Franchisor in such telephone numbers, listings and websites or online data, and the Franchisee agrees that a direction an officer of the Franchisor to transfer such numbers, listings, websites and data to the Franchisor or to any other person or organization shall be binding upon the Franchisee, and the Franchisee hereby grants to the Franchisor its irrevocable authority to permit their transfer.

10.7 Settlement of Accounts. Upon the earlier of 60 days after the termination of this Agreement or the closing of the transaction of purchase and sale contemplated in Section 10.5, there shall be an accounting between the parties with respect to the monies due by each to the other under the terms of this Agreement or under any agreement or instrument entered into in pursuance hereof and each of the parties agrees promptly to pay to each other, in cash, whatever money shall be found to be owing pursuant to such accounting.

10.8 Set-Off and Injunction by Franchisor. The Franchisee recognizes and acknowledges that the neglect, delay or refusal of the Franchisee to discontinue its display of the Marks immediately upon the termination of this Agreement will result in serious loss and damage to the Franchisor. With respect to the loss and damage incurred, and not as a penalty, the parties estimate and agree will be in the amount of \$200 per day. The parties agree that in the event of neglect, delay or refusal by the Franchisee as above set out to discontinue such use, the Franchisor shall, in addition to any other rights and remedies at law or in equity, be entitled to set off such liquidated damages against any monies which may be due to the Franchisee by the Franchisor. In addition, recognizing that the injury and damage resulting from any material breach by the Franchisee of the terms of this Agreement may be impossible to measure monetarily, the Franchisee agrees that the Franchisor shall be entitled to injunctive relief restraining and enjoining such breach. This provision expressly survives the termination or expiration of this Agreement.

10.9 Power of Attorney. Wherever in this Article 10 the Franchisee has agreed to execute any instrument or document and it does not comply with the provisions hereof, then the Franchisee does hereby irrevocably nominate appoint the Secretary of the Franchisor as its true and lawful attorney in fact, for it and in its name and on its behalf to execute and deliver all such deeds, acts, assurances, conveyances, transfers instruments, documents and things that may be required for all or any of the purposes aforesaid, and the Franchisee hereby covenants and agrees to allow, ratify and confirm whatsoever the Secretary of the Franchisor shall do or cause to be done by virtue of this power of attorney.

## **ARTICLE 11 RESTRICTIVE COVENANTS**

11.1 Not to Compete During the Term of this Agreement. The Franchisee and its individual owners agree that it will not (without the prior written consent of the Franchisor) during the term of this Agreement either individually or in conjunction with any person or persons, firm, association, syndicate, or form of entity, as principal, agent, shareholder, member or in any other manner whatsoever, carry on, be engaged in, or be concerned with or interested in, or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed by any person or persons, firm, association, syndicate, company or corporation engaged in or concerned with or interested in any business competitive with or similar to the Franchised Business (namely a business involved in providing restoration services) as carried on from time to time during the term of this Agreement, including any renewal thereof.

11.2 Not to Compete Following Termination of this Agreement. The Franchisee acknowledges that the Franchisor's name and the business reputation, the methods and techniques, training and instruction, the knowledge of the services and methods of the Franchisor

and the opportunities, associations, and experiences established and acquired by the Franchisee under the terms of this Agreement are of considerable value. Therefore, in the event of termination of this Agreement for any reason whatsoever the Franchisee shall not at any time during the period of two years from the date of such termination carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed by any person or persons, firm, association, syndicate, company or corporation, engaged in any business competitive with or similar to the Franchised Business namely a business involved in providing restoration services, or the business carried on by the Franchisor at the date of termination of this Agreement within the Territory and within a 150-mile radius of the perimeter of the Territory or territory of any other System franchisee, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate, company or corporation, as principal, agent, shareholder or in any other manner whatsoever without the prior written consent of the Franchisor.

11.3 Interference with Employment Relations of Others. During the term of this Agreement and for a period of two years thereafter the Franchisee covenants and agrees that it shall not divert or attempt to divert any business or customers of the Franchised Business to any other competitive establishment, by direct or indirect inducement or otherwise.

11.4 Reasonable Covenants. The Franchisee agrees that the restrictions contained in this Article 11 are reasonable in order to protect the legitimate business interests of the Franchisor and all defenses to the strict enforcement of such restrictions by the Franchisor are waived.

11.5 Survival and Injunction. The rights of the Franchisor and the obligations of the Franchisee set forth in this Article 11 shall survive the termination of this Agreement, and the Franchisee agrees that the Franchisor is entitled to injunctive relief restraining enjoining any breaches of this Article 11Article 11.

## **ARTICLE 12 ASSIGNMENT**

12.1 Assignment by Franchisor. The Franchisor may assign any or all rights and obligations arising from this Agreement, provided that any assignee shall agree in writing to assume all obligations undertaken by the Franchisor under the terms of this Agreement and so assigned by the Franchisor, and upon such assignment and assumption the Franchisor shall, be under no further obligation hereunder with respect to any matters so assigned.

12.2 Assignment by Franchisee. This Agreement, the Franchisee's rights and interests hereunder, and the property and assets owned and used by the Franchisee in connection with the Franchised Business shall not be sold, assigned, transferred, or encumbered in whole or in part in any manner whatsoever without the prior written consent of the Franchisor which shall not be unreasonably withheld. Any actual or purported assignment occurring by operation of law or otherwise without the Franchisor's prior written consent shall be a material default of this Agreement and subject to termination. In considering the request for sale, assignment, transfer, or encumbrance (all of which are hereinafter included within the word "transfer"), the Franchisor will consider, among other things, the qualifications, apparent ability, and credit standing of the

proposed transferee. In addition, the Franchisor shall be entitled to require as a condition precedent to the granting of its consent that:

(a) There shall be no existing default in the performance or observance of any of the Franchisee's obligations under this Agreement or any other agreement with the Franchisor or any affiliates or suppliers thereof;

(b) The Franchisee shall have settled all outstanding accounts with the Franchisor, its affiliates and all other trade creditors of the Franchised Business;

(c) The Franchisee shall have delivered to the Franchisor a release of the Franchisor, its directors and officers, its affiliates, and the directors and officers thereof from all obligations under this Agreement of any such persons except with respect to these claims which cannot be released at law, in form satisfactory to counsel for the Franchisor;

(d) The proposed transferee shall have entered into an agreement with the Franchisor assuming and agreeing to discharge all of the Franchisee's obligations under this Agreement or, at the option of the Franchisor, shall have executed a new franchise agreement and shall have executed such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises;

(e) All equity holders (both legal and equitable), members, partners, and shareholders of the assignee entity as directed by the Franchisor shall execute the Franchisor's then-current form of guarantee whereby they shall jointly and severally guarantee performance of this Agreement by the entity;

(f) The proposed transferee and its employees responsible for the operation of the Franchised Business must satisfactorily complete the Franchisor's training program then in effect for all new franchisees, and pay to the Franchisor its then-current training fee for such training;

(g) A transfer fee shall have been paid to the Franchisor in an amount determined by the Franchisor but not to exceed \$10,000, to defray its reasonable internal and external costs and expenses in connection with the transfer, including, without limitation, the cost of legal and accounting fees, credit and investigation charges, valuations, training and supervision; and

(h) The proposed transferee must purchase the Franchisor's Start-Up Kit, and/or any missing components thereof, so as to begin operating the Franchised Business with a complete Start-Up Kit as required for all new franchisees;

(i) Unless expressly approved by the Franchisor in writing, the transfer of the Franchised Business shall be affected in compliance with the requirements of all applicable legislation.

It is understood and agreed that the Franchisor's consent to a transfer shall not operate to release the Franchisee from any liability under this Agreement.

12.3 Assignment to a Corporation. Upon request, the Franchisor shall not unreasonably withhold its consent to any assignment, transfer or issuance of shares of the Franchisee, provided that, in addition to the requirements of this Article 12, the consent of the Franchisor to any transfer or issue of shares resulting in the ownership by the Franchisee of less than 37 percent of the issued voting shares of such corporation or less than 51 percent of the issued shares of any other class of shares of such corporation shall be subject to satisfaction of the requirements set forth in Section 12.2 (except subsection 12.2(d)), to the intent that any such assignment or issuance shall be treated as if it were an assignment or sale of the Franchised Business to the proposed transferee of issue. It is understood and agreed between the parties that the duties and obligations imposed by the section are reasonable and necessary in order to protect the Marks, Confidential Information and operating procedures of the Franchisor, as well as the Franchisor's high reputation and image. Any assignment, issuance, or transfer permitted by this subsection shall not take effect until the Franchisor issues its written consent thereto, following its receipt and review of completely executed copies of all documents pertaining to the transfer or issuance of such shares.

12.4 Death of a Shareholder. Upon the death of a shareholder, the personal representative of such shareholder may sell or assign the entire interest of such shareholder in such corporation to a third-party subject to the same conditions as are required for any other transfer of shares.

12.5 Option to Purchase. If at any time or times during the term of this Agreement the Franchisee obtains a bona fide offer (the "Offer") to acquire the whole or any part of its interest in the Franchised Business which the Franchisee wishes to accept, the Franchisee shall promptly give written notice thereof to the Franchisor together with a true copy of the Offer. Upon receipt of such notice and Offer, the Franchisor shall have the option of purchasing such interest upon the same terms and conditions as those set out in the Offer except that:

(a) There shall be deducted from the purchase price the amount of any commission or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of such property to the offeror; and

(b) The Franchisor shall have the right to substitute cash for any other form of consideration specified in the Offer and to pay in full the entire purchase price at the time of closing.

The Franchisor may exercise its option at any time within 30 days after receipt of said notice and Offer by giving written notice to the Franchisee. If the Franchisor declines to exercise such option and if such transfer is otherwise approved by the Franchisor, the Franchisee may complete the transfer to such third-party purchaser under the same terms and conditions as set out in the Offer, provided that notwithstanding the terms of the Offer such transaction must be completed within 30 days of the date on which the Franchisor notifies the Franchisee of its approval of such transaction. If the transaction is not completed within such 30-day period the foregoing provisions of this section shall apply again.

**ARTICLE 13  
SECURITY**

The Franchisee shall not, without the prior written approval of the Franchisor, grant a security interest in the assets or the undertaking of the Franchised Business, except that the Franchisee may grant a security interest in equipment owned by the Franchised Business (other than equipment purchased from the Franchisor or any affiliate thereof) to secure up to 75 percent of the purchase price for such equipment.

**ARTICLE 14  
INDEMNIFICATION**

The Franchisee agrees, during and after the term of this Agreement, to indemnify and hold the Franchisor harmless from and against any and all loss, damages or liability and costs and expenses in connection therewith incurred by the Franchisor as a result of any violation of this Agreement by the Franchisee, or any act of its agents or employees, and from all claims, damages, suits, or rights of any persons arising from the operation of the Franchised Business.

**ARTICLE 15  
FRANCHISEE AN INDEPENDENT CONTRACTOR**

The Franchisee understands that it is not an agent or employee of the Franchisor, but is an independent contractor completely separate from the Franchisor and that it has no authority to bind or attempt to bind the Franchisor in any manner or form whatsoever or to assume or to incur any obligation or responsibility, express or implied, for or on behalf of, or in the name of the Franchisor. This Agreement shall not be construed so as to constitute the Franchisee a partner, joint venture, agent, employee or representative of the Franchisor for any purpose whatsoever. The Franchisee shall use its own name in obtaining or executing contracts or making purchases so that the transaction shall clearly indicate that the Franchisee is acting on its own behalf and not for the Franchisor.

**ARTICLE 16  
INTEREST ON LATE PAYMENTS**

All royalty and advertising contributions, and all amounts due for goods purchased by the Franchisee from the Franchisor or its affiliates and any other amounts owed to the Franchisor or its affiliates by the Franchisee pursuant to this Agreement shall bear interest after the due date until paid in full at a rate of interest equal to the Prime Bank Rate of the Franchisor's Bankers from time to time plus 5 percent, calculated and payable weekly both before and after default, with interest on overdue interest at the same rate. The Prime Bank Rate shall be determined on each interest payment date, shall apply to all amounts owing by the Franchisee to the Franchisor at such payment date, and shall be without prejudice to the Franchisor's rights to terminate this Agreement in respect of such default.

## **ARTICLE 17 TAXES**

The Franchisee agrees to promptly pay when due all taxes levied or assessed by reason of its performance hereunder and its operation of the Franchised Business, including any sales or tax on equipment purchased or leased. In the event of a bona fide dispute as to the liability for tax assessed against the Franchisee, the Franchisee may contest the validity of the procedures of the relevant taxing authority; provided that the Franchisee shall in no event permit a tax sale procedure by levy of execution or similar writ or warrant to occur against the Franchised Business or the inventory, fixtures or furnishings thereof.

## **ARTICLE 18 CONTRACT PROVISIONS**

18.1 Right of Off-Set. Notwithstanding any other provision of this Agreement, upon the failure of the Franchisee to pay to the Franchisor when due any sums of money, the Franchisor may deduct any and all such sums remaining unpaid from any monies or credit held by the Franchisor for the account of the Franchisee.

18.2 Waiver of Obligations. The Franchisor may by written instrument unilaterally waive any obligation of or restriction upon the Franchisee under this Agreement. No acceptance by the Franchisor of any payment by the Franchisee and no failure, refusal, or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee with its obligations hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this Agreement.

18.3 Franchisee may not withhold payments due the Franchisor. The Franchisee shall not, on grounds of the alleged non-performance by the Franchisor of any of its obligations under the terms of this Agreement, withhold payments of any royalty or other amounts due to the Franchisor, its affiliates, or subsidiaries, whether on account of goods purchased by the Franchisee or otherwise.

18.4 Rights of the Franchisor are Cumulative. The rights of the Franchisor are cumulative and no exercise or enforcement by the Franchisor of any right or remedy contained in this Agreement shall preclude the exercise or enforcement by the Franchisor of any other right or remedy the Franchisor is otherwise entitled by contract or law to enforce.

18.5 Law Applicable. This Agreement shall be governed by and construed in accordance with the laws of Washington State, except the Washington Franchise Investment Protection Act and the Washington Consumer Protection Act shall not apply unless such statutes would apply independent of this choice of law provision.

18.6 Resolution of Disputes. Except as provided below in subsection (a), you and we must resolve any and all disputes, claims, or issues that is or are based upon, or arise out of this Agreement, or the parties' franchisee/franchisor relationship ("Dispute") by arbitration administered by the American Arbitration Association ("AAA") before a single arbitrator, and, except as amended here, subject to the AAA's Commercial Arbitration Rules in effect as of the

date of the Dispute. The arbitrator shall have sole authority to determine the arbitrability of any Dispute.

(a) Disputes not required to be Arbitrated. Either you or we may initiate in any state or federal court an action that seeks only preliminary or permanent injunctive relief based on a party's alleged infringement of any trademarks, or a party's use, misuse, or misappropriation of the other party's intellectual property, including protectable trade dress, trade secrets, or information deemed confidential under any agreement between the parties. A party may also commence an action seeking to compel arbitration or to enforce the dispute resolution provisions of this Agreement as provided for under the Federal Arbitration Act.

(b) Exclusive Venue for Dispute Resolution. Unless the parties should otherwise agree in writing, arbitration (or where allowed, litigation before a court) of a Dispute shall be conducted exclusively in either Whatcom County or King County, Washington. The parties hereby irrevocably consent to jurisdiction in Washington State.

(c) Arbitration. Except as the parties may otherwise agree, if arbitration is commenced with the AAA, the arbitration hearing shall be conducted within 180 days after an arbitrator has been selected. Unless the arbitrator determines that additional discovery is essential to the fair resolution of a dispute, discovery in any arbitration proceeding shall be limited to 15 document production requests and 2 depositions per side. The arbitration shall be subject to the provisions of the Federal Arbitration Act.

(d) Counterclaims and Pleadings. In any arbitration proceeding, you and we must each submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. If a party does not submit a claim as required by the preceding sentence, then such claim is forever barred. Any claim asserted in any arbitration proceeding must be asserted or pled with specificity, and the arbitrator shall dismiss on the merits any vague or conclusory claim.

(e) Class and Other Third Party Joinder of Claims Not Permitted. Any arbitration under this Section 15 must be conducted on an individual, and not a class-wide, basis; provided however, that a claim between the parties may be joined with a claim against the owner, officer, or guarantor of a party if all claims arise out of the same or common nucleus of operative facts, and such claim is otherwise arbitrable.

(f) Limitations of Claims. Except for claims arising from your non-payment or underpayment of amounts owed us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you as franchisor and franchisee are barred unless a judicial or arbitration proceeding, as applicable, is commenced within one (1) year after the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims. You and we are bound by the provisions of any limitation period of time in which claims must be brought under the previous sentence or applicable law, whichever expires earlier.

(g) Power of Arbitrator; Waiver of Exemplary and Punitive Damages. In any arbitration of a Dispute, the arbitrator may award appropriate relief, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs. The arbitrator may not, however, award exemplary or punitive damages, and you and we waive any right to seek or obtain any award for exemplary or punitive damages.

(h) Compensation of Arbitrator. You and we shall share equally the costs, including fees, of any arbitrator, and the administrative fees assessed by the AAA.

(i) Attorneys' Fees and Expenses. The substantially prevailing party in any arbitration, suit or other action arising out of or related to this Agreement is entitled to recover its reasonable attorneys' fees, as well as all reasonable costs and expenses incurred that are related to the action or the Dispute, including all fees and expenses assessed by the AAA, costs of court reporters incurred by a party, expert witness fees, and the substantially prevailing party's Dispute-related travel expenses.

18.7 Amendments. No amendment or modification of any provision of this Agreement shall be effective unless it is in writing and signed by both the Franchisor and the Franchisee.

18.8 Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all previous agreements and understandings between the parties in any way relating to the subject matter of this Agreement. It is expressly understood and agreed that the Franchisor has made no representation, inducements, warranties or promises whether direct, indirect or collateral, oral or otherwise, concerning the terms or subject matter of this Agreement. Notwithstanding the foregoing, nothing in this section is intended to disclaim any of the disclosures made in the franchise disclosure document accompanying this Agreement.

18.9 Severability. If any of the terms or provisions of this Agreement are deemed invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, such covenant or other provision shall be severed; all other conditions and provisions of this Agreement shall remain in full force and effect and no term or provision shall be deemed dependent upon any other term or provision unless so expressed herein.

18.10 Time of Essence. Time shall be of the essence of this Agreement.

18.11 Notices. All notices, requests, demands or other communications (collectively "Notices") required or permitted to be given in writing by personal delivery or by registered mail, postage prepaid, addressed to the other parties as follows:

(a) To the Franchisor at: Stevenstone Inc.  
13215 SE Mill Plain Blvd, Suite C8 #504  
Vancouver, Washington 98684

(b) To the Franchisee at: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

or at such other address as may be given by one of them to the other in writing. Such Notice shall be deemed to have been received when delivered, or if mailed, 48 hours after 12:01 a.m. on the date of the mailing, or by overnight carrier on the next business day after delivery by such carrier.

18.12 Agreements Binding Upon Successors and Assigns. Subject to the restrictions on assignment herein contained, this Agreement shall inure to the benefit of and be binding upon the Franchisor, the Franchisee, and their respective heirs, successors, legal representatives, and assigns.

18.13 Construction. The division of this Agreement into articles and sections and the insertion of headings and marginal notes in this Agreement are for convenience only, and shall have no effect upon the interpretation or construction of this Agreement. Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and words importing persons shall include firms and corporations and vice versa.

18.14 Method of Payment. All payments required herein shall be made in United States currency, by credit card, pre-authorized debit, electronic funds transfer (“EFT”), or cash, as specifically approved in advance by the Franchisor. If the Franchisor requires any payments made to the Franchisor by way of EFT or pre-authorized debit, the Franchisee will sign an agreement in the form of Schedule D to this Agreement, or in any other form required by the bank to enable the Franchisor to withdraw funds from the account via EFT. The Franchisee will pay all fees associated with such transfers. In the event any EFT or check is not honored by the Franchisee’s bank for any reason, the Franchisee shall pay to the Franchisor, upon demand, a non-sufficient funds fee of \$25 per incident.

18.15 Franchisee Representations and Warranties. Franchisee represents and warrants to Franchisor that all statements made by Franchisee in writing in connection with its application for this franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement and no material information or fact has been omitted which is necessary in order to make the information disclosed not misleading. Franchisee acknowledges that this Agreement is being granted in reliance upon the information supplied to Franchisor in Franchisee’s application.

## **ARTICLE 19 DEFINITIONS**

19.1 Definitions. In this Agreement and in any amendment hereto, the following terms shall have the following meaning:

(a) “Affiliates” means New Creations Mobile Restorations Inc. and Larry Stevenson Holdings Inc.

(b) “Franchised Business” means the business to be operated by the Franchisee in the Territory (as hereinafter defined), pursuant to the provisions of this Agreement.

(c) “Franchisee” shall include the majority shareholder or shareholders of any corporation executing this Agreement, members of any limited liability company executing this Agreement, and the partners of any partnership executing this Agreement.

(d) “Gross Sales” means the entire amount of the actual sales price, whether for cash, credit or otherwise, of all sales of goods and services in respect of the Franchised Business, including mileage charges, supplies, and other costs charged to customers, and all other receipts whatsoever from all business conducted or originating from the Vehicle. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the week during which such charge or sale shall be made, regardless of the time when the Franchisee shall receive payment (whether in full or in part). No deductions shall be allowed for uncollected or uncollectible credit accounts or in respect of any other matter save and except:

(i) Any amounts collected by the Franchisee on behalf of any governmental authority and paid out by the Franchisee for sales taxes or other taxes imposed upon the sale of goods or services by the Franchisee from the Franchised Business; and

(ii) The amount of the refund or credit given in respect of any services rendered to a customer for which a refund of the whole or a part of the purchase price is made or for which a credit is given.

(e) “Head Office” means the Franchisor’s principal place of business and corporate office currently located at 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684, or such other replacement, substituted or relocated offices that are designated as the Franchisor’s corporate office.

(f) “Manual” means, collectively, the training manual, all books, pamphlets, memoranda or other publications prepared by the Franchisor for use by its franchisees generally or for the Franchisee in particular, setting forth information, advice, instructions or policies in relation to the operation of the Franchised Business.

(g) “Marks” means the trade names, trademarks and other commercial symbols and related logos including the trademark “NEW CREATIONS,” together with such other trade names, trademarks, symbols and logos as the Franchisor may from time to time own or be licensed to use.

(h) “Prime Bank Rate” means the prime commercial lending rate from time to time charged by the Head Office branch in Vancouver, Washington, of the Franchisor’s customary bankers.

(i) “Territory” means the area described in Schedule B annexed hereto.

(j) “Vehicle” means the vehicle(s) owned or leased by the Franchisee, which meets the standards and specifications of the Franchisor, and is used in the operation of the Franchise.

WITNESS, WHEREOF the parties hereto have executed this Franchise Agreement as of the date first written above.

SIGNED, SEALED AND DELIVERED in the presence of:

**STEVENSTONE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**[FRANCHISEE ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## SCHEDULE "A"

### Franchised Business Address and Vehicle Requirements:

The address of the Franchised Business:

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#### Vehicle Requirements:

- Solid color truck or van. White is preferred.
- Must have enclosed cargo area.
- No rust, dents or primer.
- Ten (10) years or newer required age on vehicle.
- A full branded wrap the Franchisor designates is required. (Should be original paint for wrap application and future removal.) If the vehicle is white, you may be allowed to choose an alternative decal package.
- No side windows is recommended for best display of decals. If there is a window on the back, you will need a white mesh backing to properly display the logo.

## **SCHEDULE “B”**

Territory

[Attach Map of the Territory]

[Attach written description of the Territory]

\*As part of an early adopter incentive package, the territory will include an increased population at no additional cost to the franchisee. Qualified U.S. Military veterans will also receive a further increased population at no additional cost.

## **SCHEDULE “C”**

### **Start-Up Kit**

Franchisees must purchase a New Creations Start-Up Kit, which will include the following:

- Vinyl Repair Kit
- Leather Repair Kit
- Fabric Repair Kit
- Windshield Repair Kit
- Wood Repair Kit
- Furniture Repair Kit
- Stainless Steel Kit
- Tub and Tile Repair Kit
- Tool Boxes & Miscellaneous
- Clothing & Promotional Items

## **SCHEDULE “D”**

EFT Agreement

Pre-Authorized Debit Agreement

PAYMENT AMOUNT: Variable  
DATES OF PAYMENT: As outlined in the Franchise Agreement  
ACCOUNT TITLE: [FRANCHISEE]

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I/We authorize Stevenstone Inc. (the “**Company**”) and/or any of its subsidiaries or affiliates to initiate withdrawals from my/our business account at the financial institution (or any other financial institution I/We may authorize at any time), from the attached VOID check, and according to the dates indicated above for purposes of paying royalties, fees, marketing contributions and any other payments due to the Company from time to time pursuant to the Franchise Agreement between the Company and the undersigned, dated \_\_\_\_\_, 20\_\_.

You are hereby requested and authorized to debit my/our account at your office, or at another branch of your institution if it is transferred there; all checks drawn on you on my/our behalf and made payable to the Company and/or any of its subsidiaries or affiliates or drawn on you by the Company and/or any of its subsidiaries or affiliates; requesting that you pay the Company and/or any of its subsidiaries or affiliates.

In consideration of your acting as aforesaid, it is agreed that your treatment of each check and your rights with respect to it shall be the same as if it were signed by the undersigned personally, authorizing and requesting you to pay and credit such amount to the Company and/or any of its subsidiaries or affiliates, debiting our account and failure to pay shall give no liability on your part, regardless of the loss or damage.

This authority with respect to the preauthorized debit is to remain in effect until the Company has received written notification from the undersigned of its change or termination. This notification must be received at least thirty (30) days before the next debit is scheduled at the following address by registered mail at the address set out below.

I/We may obtain a sample cancellation form for more information on my/our right to cancel a preauthorized debit agreement by contacting my/our financial institution. I/we have certain recourse rights if any debit does not comply with this Authorization.

**I/We waive my/our right to receive pre-notification of the amount of the pre-authorized debit and agree that I/we do not require advance notice of the amount of pre-authorized debit before the debit is processed.**

I/We have read and understood the terms of this Authorization and acknowledge receipt of a copy thereof.

(The signature appearing below must be the same as the signature appearing in the signature file of the financial institution identified above.)

DATED: \_\_\_\_\_  
Address: 13215 SE Mill Plain Blvd,  
Suite C8 #504, Vancouver, Washington  
98684

STEVENSTONE INC.

Per: \_\_\_\_\_  
Name:  
Title:

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[FRANCHISEE]

Per: \_\_\_\_\_  
Name:  
Title:  
I have authority to bind the Franchisee  
entity

## **EXHIBIT C**

### **Operations Manual Table of Contents**

## Table of Contents of the Training Manual

<b>Chapter</b>	<b>Number of Pages</b>
Introduction and Table of Contents.....	5
Chapter 1: Safety Procedures and Storage.....	10
Chapter 2: Cleaning .....	9
Chapter 3: Vinyl Repair .....	16
Chapter 4: Leather Repair .....	9
Chapter 5: Plastic Repair .....	14
Chapter 6: Texturing .....	8
Chapter 7: Colorants and Additives .....	12
Chapter 8: Cloth Repair .....	16
Chapter 9 : Wood Repair .....	9
Chapter 10: Stone, Tile and Countertop Repair.....	13
Chapter 11: Paint Chip and Scratches.....	9
Chapter 12: Windshield Repair.....	8
Chapter 13: Deodorizing .....	5
Chapter 14: Nuclearshine™ .....	8
Chapter 15: A Lesson in Sales .....	4
Chapter 16: Miscellaneous .....	1
Chapter 17: Porcelain – Tubs/showers/Sinks .....	4
Chapter 18: Stainless Steel Repairs.....	1
Chapter 19: Aluminum.....	1
Product Glossary and Database	
Total Pages in Manual	162

**EXHIBIT D**

**State Franchise Regulatory Authorities and  
Agents for Service of Process  
in Certain States**

**EXHIBIT D**  
**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES**  
**AND AGENTS FOR SERVICE OF PROCESS IN CERTAIN STATES**

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
California	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 (866) 275-2677  One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559  www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 (866) 275-2677  One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559  www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov
Connecticut	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	[Not Applicable]
Florida	Dept of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, FL 32399-6500 (850) 410-3800	[Not Applicable]
Hawaii	Business Registration Division Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii, Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360
Michigan	Consumer Protection Division Michigan Department of Attorney General G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 W. Ottawa Street Lansing, MI 48933 (517) 373-7117	Michigan Department of Consumer and Industry Services Corporations, Securities & Commercial Licensing Bureau P.O. Box 30018 Lansing, MI 48909 2407 N Grand River Ave Lansing, MI 48906 (517) 241-6470
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
Nebraska	Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 Lincoln, NE 68508-1402 (402) 471-3445	[Not Applicable]
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222	New York Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 473-2492
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept 414 Bismarck, ND 58505 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept 414 Bismarck, ND 58505 (701) 328-4712
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	[Not Applicable]
Rhode Island	Department of Business Regulation State of Rhode Island Securities Division Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 (401) 222-3048	Director Department of Business Regulation State of Rhode Island Securities Division 1511 Pontiac Avenue John O. Pastore Center Cranston, RI 02920 (401) 462-9588

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
South Dakota	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Second Floor Pierre SD 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Second Floor Pierre, SD 57501 (605) 773-3563
Texas	Secretary of State Statutory Document Section 1019 Brazos Austin, Texas 78701 (512) 475-0775	[Not Applicable]
Utah	Division of Consumer Protection Utah Department of Commerce 160 East 300 South Salt Lake City, UT 84111 (801) 530-6601	[Not Applicable]
Virginia	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street, First Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division Mailing: P.O. Box 41200 Olympia, WA 98504-1200 Overnight: 150 Israel Road SW Tumwater, WA 98501-6456 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501-6456 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139
Federal Trade Commission	Bureau of Consumer Protection 600 Pennsylvania Avenue, NW Washington, D.C. 20580 (877)-382-4357	[Not Applicable]

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

**EXHIBIT E**

**Financial Statements**

**STEVENSTONE INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
and Stockholders of Stevenstone Inc.  
Vancouver, Washington

### Opinion

I have audited the accompanying financial statements of Stevenstone Inc. (a Washington State corporation), which comprise the balance sheet as of December 31, 2024, and the related statements of income, stockholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stevenstone Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Emphasis of Matters

As discussed in Note 3 to the financial statements, the Company's management has evaluated its ability to continue operations, including cash flows and liquidity. My opinion is not modified with respect to that matter.

As discussed in Note 2 to the financial statements, Stevenstone Inc. has advances and operating expenses with a total balance of \$338,622 at December 31, 2024 due to related parties. My opinion is not modified with respect to that matter.

### 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 Stevenstone Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

- 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 Stevenstone 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stevenstone Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

A handwritten signature in blue ink that reads "Sabey CPA, LLC". The signature is written in a cursive, flowing style.

Sabey CPA, LLC  
March 28, 2025

**STEVENSTONE INC.  
BALANCE SHEET  
DECEMBER 31, 2024**

---

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 53,696
Accounts receivable	6,161
Prepays	417
Deferred costs - current portion	58,842
Total current assets	<u>119,116</u>

**OTHER ASSETS**

Deferred costs - long-term portion	441,734
Deferred tax asset	139,000
Total other assets	<u>580,734</u>

Total assets	<u><u>\$ 699,850</u></u>
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**LIABILITIES AND STOCKHOLDERS' DEFICIT**

**CURRENT LIABILITIES**

Accounts payable and other accrued expenses	\$ 26,126
Accounts payable - related party	405
Deferred revenue - current portion	110,200
Total current liabilities	<u>136,731</u>

**LONG-TERM LIABILITIES**

Deferred revenue - long-term portion	804,542
Related parties' advances	459,951
Promissory Note - related party	70,000
Total long-term liabilities	<u>1,334,493</u>

Total liabilities	<u>1,471,224</u>
-------------------	------------------

**STOCKHOLDERS' DEFICIT**

Common stock, \$0.001 par value, 10,000,000 shares authorized, 10,000 shares issued and outstanding	1
Additional paid-in capital	10,000
Accumulated deficit	(781,375)
Total stockholders' deficit	<u>(771,374)</u>

Total liabilities and stockholders' deficit	<u><u>\$ 699,850</u></u>
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See accompanying notes.

**STEVENSTONE INC.**  
**STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2024**

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REVENUES	
Licensing fees	\$ 100,746
Royalty fees	58,697
Start-up package fees	108,000
Brand building fees	675
Total revenues	<u>268,118</u>
COST OF REVENUES	<u>264,863</u>
OPERATING EXPENSES	
Marketing	52,204
General and administrative	156,624
Total operating expenses	<u>208,828</u>
Loss from operations	<u>(205,573)</u>
OTHER INCOME (EXPENSE)	
Other income	975
Interest expense	(4,098)
Total other income (expense)	<u>(3,123)</u>
Loss before income tax provision	<u>(208,696)</u>
INCOME TAX PROVISION	
Deferred federal income tax benefit (expense)	46,000
Current federal income tax benefit (expense)	-
Total tax provision	<u>46,000</u>
Net loss	<u>\$ (162,696)</u>

---

See accompanying notes.

**STEVENSTONE INC.  
STATEMENT OF STOCKHOLDERS' DEFICIT  
YEAR ENDED DECEMBER 31, 2024**

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	Common stock		Paid-in capital	Accumulated deficit	Total stockholders' deficit
	Shares	Amount			
Balance, December 31, 2023	10,000	\$ 1	\$ 10,000	\$ (618,679)	\$ (608,678)
Net loss				<u>(162,696)</u>	<u>(162,696)</u>
Balance, December 31, 2024	<u>10,000</u>	<u>\$ 1</u>	<u>\$ 10,000</u>	<u>\$ (781,375)</u>	<u>\$ (771,374)</u>

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See accompanying notes.

**STEVENSTONE INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2024**

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Cash flows from operating activities	
Net loss	\$ (162,696)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Deferred federal income tax benefit	(46,000)
Changes in operating assets and liabilities:	
Accounts receivable	512
Prepays	(417)
Deferred costs	(136,362)
Accounts payable	7,108
Accounts payable - related party	405
Deferred revenue	237,754
Net cash used by operating activities	<u>(99,696)</u>
Cash flows from financing activities	
Proceeds from related parties' advances	113,363
Payments on related parties' advances	(35,465)
Proceeds from related party promissory note	50,000
Net cash provided by financing activities	<u>127,898</u>
Net change in cash	28,202
Cash	
Beginning of year	<u>25,494</u>
End of year	<u>\$ 53,696</u>

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See accompanying notes.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

Stevenstone Inc. (the Company) was incorporated on March 20, 2017, in the State of Washington. The First Amended and Restated Articles of Incorporation agreement states that the Company will have perpetual existence. The Company is the franchisor of “New Creations” mobile restoration service units. These units repair, restore, and renew auto interiors, boat interiors, furniture upholstery repair and home restoration.

As of December 31, 2024, there were nineteen operating New Creations franchisees.

Revenue recognition

The Company’s revenues include franchise fees, royalty fees, marketing fees, and revenues from sale of start-up packages for initial franchises. Revenue is recognized when the following four criteria are met: there is persuasive evidence of an arrangement, the service has been or is being provided to the customer, the collection of the fees is reasonably assured, and the amount of fees to be paid by the customer is fixed or determinable.

A description of the Company’s principal revenue generating activities is as follows:

- Licensing fees are assessed at the commencement of the franchise agreement to operate a business and are recognized over the period of time covered by the respective franchise agreement, typically 10 years.
- Royalty fees are assessed based on a percentage of gross revenues, as reported by the franchise owners, and are recognized as revenue commensurate with the month in which the gross sales occurred.
- Marketing fees may be assessed by management based on a percentage of gross revenues, as reported by the franchise owners, and are recognized as revenue commensurate with the month in which the gross revenues occurred. The related marketing costs are expensed as incurred. During 2024, no amounts were charged to the franchise owners for marketing fees.
- Start-up package fees are recognized as revenue at the point in time that the start-up materials and supplies are transferred to the franchisee.
- Brand building fees consist of a flat monthly fee that a franchisee can opt into to receive brand building consulting each month. During 2024, this service, and related fees, were discontinued.

As applicable, revenues are reported net of sales tax.

Cash equivalents

For the purposes of the statement of cash flow, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Intellectual property

The Company has been granted the sole license to use intellectual property, for an indefinite term (see Note 2, “Ownership”). This intellectual property is essential to the Company, its value cannot be, and has not been, determined.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred costs

Sales commissions are incremental costs incurred to find and secure a franchisee and are recognized as costs ratably on a straight-line basis over the term of the underlying franchise period. Deferred costs balances at December 31, 2024 and January 1, 2024 were \$500,576 and \$364,214.

Deferred revenue

Deferred revenue represents cash received from franchisees for licensing fees for which revenue recognition criteria have not yet been met. Deferred revenue balances at December 31, 2024 and January 1, 2024 were \$914,742 and \$676,988.

Advertising costs

The Company expenses the costs of advertising as incurred. The Company incurred advertising expenses of \$52,204 for the year ended December 31, 2024.

Use of estimates

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

Federal income taxes

Income taxes are calculated on all revenue less expense items, except for items representing permanent differences, regardless of the period in which such items are recognized for tax purposes. Tax credits are recognized under the flow through method in the period in which the qualifying items are placed in service or otherwise incurred.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the authoritative guidance from ASC Topic 740 for disclosure of uncertain tax positions. This guidance requires management to analyze all open tax years, as defined by the statutes of limitations, for all major jurisdictions.

Subsequent events

Management has evaluated subsequent events through March 28, 2025, the date on which the financial statements were available to be issued.

**NOTE 2      RELATED PARTY TRANSACTIONS**

Ownership

One of the Company's two stockholders shares common ownership with New Creations Mobile Restorations Inc. (NCRM), the entity from whom the Company has been granted the license to use intellectual property, as defined in the respective License Agreement.

**STEVENSTONE INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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**NOTE 2 RELATED PARTY TRANSACTIONS (CONTINUED)**

Ownership (continued)

The second of the Company's two stockholders shares common ownership with New Creations USA (NCUSA).

Related parties' advances

Related parties' advances and balances consisted of the following at December 31, 2024:

NCMR advanced funds to the Company, and are non-interest bearing, unsecured, and are callable after January 1, 2026.	\$	290,758
NCUSA advanced funds to the Company, and are non-interest bearing, unsecured, and are callable after January 1, 2026.		77,962
One of two stockholder's advanced funds to the Company, and are non-interest bearing, unsecured, and are callable after January 1, 2026.		43,772
One of two stockholder's advanced funds to the Company, and are non-interest bearing, unsecured, and are callable after January 1, 2026.		<u>47,459</u>
Total related parties' advances	\$	<u><u>459,951</u></u>

Related party promissory notes

In 2023, NCMR loaned an original amount of \$20,000 to the Company, with a balance of \$20,000 at December 31, 2024, and includes the terms of 8 percent fixed interest per annum, interest payments of \$400 per quarter, unsecured, with all unpaid principal and accrued interest due on February 1, 2033.

In 2024, NCMR loaned an original amount of \$50,000 to the Company, with a balance of \$50,000 at December 31, 2024, and includes the terms of 10 percent fixed interest per annum, interest payments of \$1,250 per quarter, unsecured, with all unpaid principal and accrued interest due on August 12, 2034.

Expenses incurred to related parties

Expenses incurred to related parties consisted of the following, which are included in the following expense categories on the Company's statement of income (and showing the percentage of incurred expenses to the total respective expense category), for the year ended December 31, 2024:

	NCMR		NCUSA	
Cost of revenues	\$ 145,032	55%	\$ 45,400	17%
General and administrative expenses	\$ 6,177	4%	\$ 1,270	1%
	<u>\$ 151,209</u>		<u>\$ 46,670</u>	

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

---

**NOTE 3      CONSIDERATION OF ABILITY TO CONTINUE**

Management has evaluated the results of operations, cash flows, and their liquidity. While management expects revenues to increase due to the sales of franchises, the Company's two stockholders have adequate resources to advance funds to the Company to meet its obligations in a timely manner, if necessary.

**NOTE 4      REVENUE RECOGNITION**

Deferred revenue

The following table illustrates license fee revenues expected to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2024. The Company has elected to exclude sales and usage-based royalties, and any other variable consideration recognized on an "as invoiced" basis.

Franchise fee revenue to be recognized in the years ending December 31:

2025	\$ 110,200
2026	110,200
2027	110,200
2028	110,200
2029	110,200
Thereafter	<u>363,742</u>
Total	<u>\$ 914,742</u>

**NOTE 5      INCOME TAXES**

Deferred income taxes reflect the net tax effects of the temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts determined for income tax purposes. Significant components of deferred tax assets and liabilities at December 31, 2024 are as follows:

Long-term deferred tax assets (liabilities):	
Net operating loss carryforward	<u>\$ 93,000</u>
Total	<u>\$ 93,000</u>

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE 6      ECONOMIC DEPENDENCY, CONCENTRATIONS, RISKS AND UNCERTAINTIES**

The Company's services are concentrated in the franchise and restoration industries and are dependent on market conditions affecting these respective industries.

Failure to anticipate or respond adequately to changes in customer requirements, and changes in regulatory requirements or industry standards, including monetary and lending policies, could have a material adverse effect on the Company's business and operating results. Additionally, certain other factors could affect the Company's future operating results and cause actual results to differ materially from expectations, including, but not limited to, difficulties in managing growth, dependence on key personnel, and difficulties in attracting and retaining qualified personnel.

Concentration of credit risk

The Company's financial instruments that are exposed to concentrations of credit risk consist of accounts receivable. The Company grants credit on an unsecured basis and controls credit risk on its accounts receivable through monitoring procedures.

**STEVENSTONE INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

---

To the Board of Directors  
and Stockholders of Stevenstone Inc.  
Vancouver, Washington

### Opinion

I have audited the accompanying financial statements of Stevenstone Inc. (a Washington State corporation), which comprise the balance sheet as of December 31, 2023, and the related statements of income, stockholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Emphasis of Matters

As discussed in Note 3 to the financial statements, the Company's management has evaluated its ability to continue operations, including cash flows and liquidity. My opinion is not modified with respect to that matter.

As discussed in Note 2 to the financial statements, Stevenstone Inc. has advances and operating expenses with a total balance of \$382,054 at December 31, 2023 due to related parties. My opinion is not modified with respect to that matter.

### 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 Stevenstone Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

- 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 Stevenstone 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stevenstone Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

A handwritten signature in blue ink that reads "Sabey CPA, LLC". The signature is written in a cursive, flowing style.

Sabey CPA, LLC  
March 27, 2024

**STEVENSTONE INC.  
BALANCE SHEET  
DECEMBER 31, 2023**

---

**ASSETS**

CURRENT ASSETS

Cash	\$ 25,494
Accounts receivable	6,673
Deferred costs	364,214
Total current assets	<u>396,381</u>

OTHER ASSETS

Deferred tax asset	<u>93,000</u>
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Total assets	<u><u>\$ 489,381</u></u>
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**LIABILITIES AND STOCKHOLDERS' DEFICIT**

CURRENT LIABILITIES

Accounts payable and other accrued expenses	\$ 19,018
Deferred revenue	676,988
Total current liabilities	<u>696,006</u>

LONG-TERM LIABILITIES

Related parties' advances	382,054
Promissory Note - related party	20,000
Total long-term liabilities	<u>402,054</u>

Total liabilities	<u>1,098,060</u>
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STOCKHOLDERS' DEFICIT

Common stock, \$0.001 par value, 10,000,000 shares authorized, 10,000 shares issued and outstanding	1
Additional paid-in capital	9,999
Accumulated deficit	(618,679)
Total stockholders' deficit	<u>(608,679)</u>

Total liabilities and stockholders' deficit	<u><u>\$ 489,381</u></u>
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See accompanying notes.

**STEVENSTONE INC.**  
**STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2023**

---

REVENUES	
Licensing fees	\$ 53,150
Royalty fees	38,450
Start-up package fees	101,750
Brand building fees	990
	<u>194,340</u>
COST OF REVENUES	
Supplies and materials	<u>134,062</u>
OPERATING EXPENSES	
Marketing	53,679
General and administrative	243,133
Total operating expenses	<u>296,812</u>
Loss from operations	<u>(236,534)</u>
OTHER INCOME (EXPENSE)	
Interest income	9
Interest expense	(1,649)
Total other income (expense)	<u>(1,640)</u>
Loss before income tax provision	<u>(238,174)</u>
INCOME TAX PROVISION	
Deferred federal income tax (expense) benefit	66,000
Current federal income tax benefit (expense)	647
Total tax provision	<u>66,647</u>
Net loss	<u>\$ (171,527)</u>

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See accompanying notes.

**STEVENSTONE INC.**  
**STATEMENT OF STOCKHOLDERS' DEFICIT**  
**YEAR ENDED DECEMBER 31, 2023**

---

	Common stock			Paid-in capital	Accumulated deficit	Total stockholders' deficit
	Shares	Amount				
Balance, December 31, 2022	10,000	\$ 1	\$	9,999	\$ (447,152)	\$ (437,152)
Net loss					(171,527)	(171,527)
Balance, December 31, 2023	10,000	\$ 1	\$	9,999	\$ (618,679)	\$ (608,679)

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See accompanying notes.

**STEVENSTONE INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2023**

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Cash flows from operating activities	
Net loss	\$ (171,527)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Deferred federal income tax benefit	(66,000)
Changes in operating assets and liabilities:	
Accounts receivable	72,793
Deferred costs	(276,246)
Accounts payable	10,889
Deferred revenue	374,850
Net cash used by operating activities	<u>(55,241)</u>
 Cash flows from financing activities	
Proceeds from related parties' advances	58,738
Proceeds from related party promissory note	20,000
Net cash provided by financing activities	<u>78,738</u>
 Net change in cash	23,497
 Cash	
Beginning of year	<u>1,997</u>
 End of year	<u>\$ 25,494</u>

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See accompanying notes.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

Stevenstone Inc. (the Company) was incorporated on March 20, 2017, in the State of Washington. The First Amended and Restated Articles of Incorporation agreement states that the Company will have perpetual existence. The Company is the franchisor of "New Creations" mobile restoration service units. These units repair, restore, and renew auto interiors, boat interiors, furniture upholstery repair and home restoration.

As of December 31, 2023, there were fifteen operating New Creations franchisees (in the States of: Washington, Michigan, Texas, South Carolina, New Mexico, Alaska, and Indiana). There were also five franchisees (in Washington, Nebraska, Tennessee, and Texas) that had signed their franchise agreement but are expected to open for operations subsequent to December 31, 2023.

Revenue recognition

The Company's revenues include franchise fees, royalty fees, marketing fees, and revenues from sale of start-up packages for initial franchisees. Revenue is recognized when the following four criteria are met: there is persuasive evidence of an arrangement, the service has been or is being provided to the customer, the collection of the fees is reasonably assured, and the amount of fees to be paid by the customer is fixed or determinable.

A description of the Company's principal revenue generating activities is as follows:

- Licensing fees are assessed at the commencement of the franchise agreement to operate a business and are recognized over the period of time covered by the respective franchise agreement, typically 10 years.
- Royalty fees are assessed based on a percent of gross revenues, as reported by the franchisee owners, and are recognized as revenue commensurate with the month in which the gross sales occurred.
- Marketing fees may be assessed by management based on a percent of gross revenues, as reported by the franchisee owners, and are recognized as revenue commensurate with the month in which the gross revenues occurred. The related marketing costs are expensed as incurred. During 2023, no amounts were charged to the franchisee owners for marketing fees.
- Start-up package fees are recognized as revenue at the point in time that the start-up materials and supplies are transferred to the franchisee.
- Brand building fees consists of a flat monthly fee that a franchisee can opt into to receive brand building consulting each month.

As applicable, revenues are reported net of sales tax.

Cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Intellectual property

The Company has been granted the sole license to use intellectual property, for an indefinite term (see Note 2, "Ownership"). This intellectual property is essential to the Company, its value cannot be, and has not been, determined.

Deferred costs

Sales commissions are incremental costs incurred to find and secure a franchisee and are recognized as costs ratably on a straight-line basis over the term of the underlying franchise period. Deferred costs balances at December 31, 2023 and January 1, 2023 were \$364,214 and \$87,968.

Deferred revenue

Deferred revenue represents cash received from franchisees for licensing fees for which revenue recognition criteria has not yet been met. Deferred revenue balances at December 31, 2023 and January 1, 2023 were \$676,988 and \$302,138.

Advertising costs

The Company expenses the costs of advertising as incurred. The Company incurred advertising expenses of \$53,679 for the year ended December 31, 2023.

Use of estimates

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

Federal income taxes

Income taxes are calculated on all revenue less expense items, except for items representing permanent differences, regardless of the period in which such items are recognized for tax purposes. Tax credits are recognized under the flow through method in the period in which the qualifying items are placed in service or otherwise incurred.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the authoritative guidance from ASC Topic 740 for disclosure of uncertain tax positions. This guidance requires management to analyze all open tax years, as defined by the statutes of limitations, for all major jurisdictions.

Subsequent events

Management has evaluated subsequent events through March 27, 2024, the date on which the financial statements were available to be issued.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 2      RELATED PARTY TRANSACTIONS**

Ownership

One of the Company's two stockholders shares common ownership with New Creations Mobile Restorations Inc. (NCRM), the entity from whom the Company has been granted the license to use intellectual property, as defined in the respective License Agreement.

The second of the Company's two stockholders shares common ownership with New Creations USA (NCUSA).

Related parties' advances

Related parties' advances and balances consisted of the following at December 31, 2023:

NCRM advanced funds to the Company, and are non-interest bearing, unsecured, and are callable after January 1, 2025.	\$      239,049
NCUSA advanced funds to the Company, and are non-interest bearing, unsecured, and are callable after January 1, 2025.	51,774
One of two stockholder's advanced funds to the Company, and are non-interest bearing, unsecured, and are callable after January 1, 2025.	43,772
One of two stockholder's advanced funds to the Company, and are non-interest bearing, unsecured, and are callable after January 1, 2025.	<u>47,459</u>
Total related parties' advances	<u>\$      382,054</u>

The Company incurred administrative costs of \$8,855 for the year ending December 31, 2023 to NCRM for the various administrative functions NCRM performs on the Company's behalf. These expenses are included in general and administrative expenses on the Company's statement of income.

Related party promissory notes

NCRM also loaned an original amount of \$20,000 to the Company, with a balance of \$20,000 at December 31, 2023, and includes the terms of 8 percent fixed interest per annum, interest payments of \$400 per quarter, unsecured, with all unpaid principal and accrued interest due on February 1, 2033.

**NOTE 3      CONSIDERATION OF ABILITY TO CONTINUE**

Management has evaluated the results of operations, the cash flows, and its liquidity. While management expects revenues to increase due to the sales of franchises, the Company's two stockholders have adequate resources to advance funds to the Company to meet its obligations in a timely manner, if necessary.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 4 REVENUE RECOGNITION**

Deferred revenue

The following table illustrates license fee revenues expected to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2023. The Company has elected to exclude sales and usage-based royalties and any other variable consideration recognized on an “as invoiced” basis.

Franchise fee revenue to be recognized in the years ending December 31:

2024	\$ 76,350
2025	76,350
2026	76,350
2027	76,350
2028	76,350
Thereafter	<u>295,238</u>
Total	<u>\$ 676,988</u>

**NOTE 5 INCOME TAXES**

Deferred income taxes reflect the net tax effects of the temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts determined for income tax purposes. Significant components of deferred tax assets and liabilities at December 31, 2023 are as follows:

Long-term deferred tax assets (liabilities):	
Net operating loss carryforward	<u>\$ 93,000</u>
Total	<u>\$ 93,000</u>

**NOTE 6 ECONOMIC DEPENDENCY, CONCENTRATIONS, RISKS AND UNCERTAINTIES**

The Company's services are concentrated in the franchise and restoration industries and are dependent on market conditions affecting these respective industries.

Failure to anticipate or respond adequately to changes in customer requirements, and changes in regulatory requirements or industry standards, including monetary and lending policies, could have a material adverse effect on the Company's business and operating results. Additionally, certain other factors could affect the Company's future operating results and cause actual results to differ materially from expectations, including but not limited to, difficulties in managing growth, dependence on key personnel, and difficulties in attracting and retaining qualified personnel.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 6      ECONOMIC DEPENDENCY, CONCENTRATIONS, RISKS AND UNCERTAINTIES**  
**(CONTINUED)**

Concentration of credit risk

The Company's financial instruments that are exposed to concentrations of credit risk consist of accounts receivable. The Company grants credit on an unsecured basis and controls credit risk on its accounts receivable through monitoring procedures.

**STEVENSTONE INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
and Stockholders of Stevenstone Inc.  
Vancouver, Washington

### Opinion

I have audited the accompanying financial statements of Stevenstone Inc. (a Washington State corporation), which comprise the balance sheet as of December 31, 2022, and the related statements of income, stockholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stevenstone Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Emphasis of Matters

As discussed in Note 5 to the financial statements, the Company's management has evaluated its ability to continue operations, including cash flows and liquidity. My opinion is not modified with respect to that matter.

As discussed in Note 2 to the financial statements, Stevenstone Inc. has advances and operating expenses with a total balance of \$323,316 at December 31, 2022 due to related parties. My opinion is not modified with respect to that matter.

### 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 Stevenstone Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

- 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 Stevenstone 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stevenstone Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

A handwritten signature in blue ink that reads "Sabey CPA, LLC". The signature is written in a cursive, flowing style.

Sabey CPA, LLC  
March 21, 2023

**STEVENSTONE INC.  
BALANCE SHEET  
DECEMBER 31, 2022**

---

**ASSETS**

CURRENT ASSETS

Cash	\$ 1,997
Accounts receivable	79,466
Deferred costs	87,968
Total current assets	<u>169,431</u>

OTHER ASSETS

Deferred tax asset	<u>27,000</u>
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Total assets	<u><u>\$ 196,431</u></u>
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**LIABILITIES AND STOCKHOLDER'S DEFICIT**

CURRENT LIABILITIES

Accounts payable	\$ 8,129
Related parties' advances	323,316
Deferred revenue	302,138
	<u>633,583</u>

Total liabilities	<u>633,583</u>
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STOCKHOLDERS' DEFICIT

Common stock, \$0.001 par value, 10,000,000 shares authorized, 10,000 shares issued and outstanding	1
Additional paid-in capital	9,999
Accumulated deficit	(447,152)
Total stockholders' deficit	<u>(437,152)</u>

Total liabilities and stockholders' deficit	<u><u>\$ 196,431</u></u>
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See accompanying notes.

**STEVENSTONE INC.  
STATEMENT OF INCOME  
YEAR ENDED DECEMBER 31, 2022**

---

REVENUES	
Licensing fees	\$ 21,925
Royalty fees	13,923
Start-up package fees	<u>50,125</u>
	<u>85,973</u>
COST OF REVENUES	
Supplies and materials	<u>75,338</u>
EXPENSES	
Marketing	63,479
General and administrative	<u>110,500</u>
Total expenses	<u>173,979</u>
Loss before income tax provision	<u>(163,344)</u>
INCOME TAX PROVISION	
Deferred federal income tax (expense) benefit	16,000
Current federal income tax benefit (expense)	<u>(2,110)</u>
Total tax provision	<u>13,890</u>
Net loss	<u><u>\$ (149,454)</u></u>

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See accompanying notes.

**STEVENSTONE INC.**  
**STATEMENT OF STOCKHOLDERS' DEFICIT**  
**YEAR ENDED DECEMBER 31, 2022**

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	Common stock					Total stockholders' deficit
	Shares	Amount				
Balance, December 31, 2021	10,000	\$ 1	\$ 9,999	\$ (297,698)		\$ (287,698)
Net loss				(149,454)		(149,454)
Balance, December 31, 2022	10,000	\$ 1	\$ 9,999	\$ (447,152)		\$ (437,152)

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See accompanying notes.

**STEVENSTONE INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

---

Cash flows from operating activities	
Net loss	\$ (149,454)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Deferred federal income tax benefit	(16,000)
Changes in operating assets and liabilities:	
Accounts receivable	(79,466)
Deferred costs	(68,909)
Accounts payable	6,716
Deferred revenue	175,075
Net cash used by operating activities	<u>(132,038)</u>
 Cash flows from financing activities	
Proceeds from related parties' advances	<u>105,520</u>
 Net change in cash	(26,518)
 Cash	
Beginning of year	<u>28,515</u>
 End of year	<u>\$ 1,997</u>

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See accompanying notes.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

Stevenstone Inc. (the Company) was incorporated on March 20, 2017, in the State of Washington. The First Amended and Restated Articles of Incorporation agreement states that the Company will have perpetual existence. The Company is the franchisor of “New Creations” mobile restoration service units. These units repair, restore, and renew auto interiors, boat interiors, furniture upholstery repair and home restoration.

As of December 31, 2022, there were six operating New Creations franchisees (in the locations of Washington State: Spokane, South Puget Sound, Tacoma; Boise, Idaho; Coeur d’Alene, Idaho; and Myrtle Beach, South Carolina). There were also two franchisees (in Dallas, Texas and Grand Rapids, Michigan) that had signed their franchise agreement but are expected to open for operations subsequent to December 31, 2022.

Revenue recognition

The Company’s revenues include franchise fees, royalty fees, marketing fees, and revenues from sale of start-up packages for initial franchisees. Revenue is recognized when the following four criteria are met: there is persuasive evidence of an arrangement, the service has been or is being provided to the customer, the collection of the fees is reasonably assured, and the amount of fees to be paid by the customer is fixed or determinable.

A description of the Company’s principal revenue generating activities is as follows:

- Licensing fees are assessed at the commencement of the franchise agreement to operate a business and are recognized over the period of time covered by the respective franchise agreement, typically 10 years.
- Royalty fees are assessed based on a percent of gross revenues, as reported by the franchisee owners, and are recognized as revenue commensurate with the month in which the gross sales occurred.
- Marketing fees may be assessed by management based on a percent of gross revenues, as reported by the franchisee owners, and are recognized as revenue commensurate with the month in which the gross revenues occurred. The related marketing costs are expensed as incurred. During 2022, no amounts were charged to the franchisee owners for marketing fees.
- Start-up package fees are recognized as revenue at the point in time that the start-up materials and supplies are transferred to the franchisee.

As applicable, revenues are reported net of sales tax.

Cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Intellectual property

The Company has been granted the sole license to use intellectual property, for an indefinite term (see Note 2, "Ownership"). This intellectual property is essential to the Company, its value cannot be, and has not been, determined.

Deferred costs

Sales commissions are incremental costs incurred to find and secure a franchisee and are recognized as costs ratably on a straight-line basis over the term of the underlying franchise period. Deferred costs balances at December 31, 2022 and January 1, 2022 were \$87,968 and \$19,059.

Deferred revenue

Deferred revenue represents cash received from franchisees for licensing fees for which revenue recognition criteria has not yet been met. Deferred revenue balances at December 31, 2022 and January 1, 2022 were \$302,138 and \$127,063.

Advertising costs

The Company expenses the costs of advertising as incurred. The Company incurred advertising expenses of \$63,479 for the year ended December 31, 2022.

Use of estimates

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

Federal income taxes

Income taxes are calculated on all revenue less expense items, except for items representing permanent differences, regardless of the period in which such items are recognized for tax purposes. Tax credits are recognized under the flow through method in the period in which the qualifying items are placed in service or otherwise incurred.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the authoritative guidance from ASC Topic 740 for disclosure of uncertain tax positions. This guidance requires management to analyze all open tax years, as defined by the statutes of limitations, for all major jurisdictions.

Subsequent events

Management has evaluated subsequent events through March 21, 2023, the date on which the financial statements were available to be issued.

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 2      RELATED PARTY TRANSACTIONS**

Ownership

One of the Company's two stockholders shares common ownership with New Creations Mobile Restorations Inc. (NCRM), the entity from whom the Company has been granted the license to use intellectual property, as defined in the respective License Agreement.

The second of the Company's two stockholders shares common ownership with New Creations USA (NCUSA).

Related parties' advances

NCRM advanced funds to the Company, which total to a balance of \$196,291 at December 31, 2022. The Company incurred administrative costs of \$2,778 for the year ending December 31, 2022 to NCRM for the various administrative functions NCRM performs on the Company's behalf. These expenses are included in general and administrative expenses on the Company's statement of income.

NCUSA advanced funds to the Company, which total to a balance of \$35,980 at December 31, 2022.

The Company owed the amounts of \$47,459 and \$43,586 to its two individual stockholders, respectively, for a total amount owed of \$91,045 to its stockholders at December 31, 2022.

All amounts owed are non-interest bearing, unsecured, and are due on demand.

**NOTE 3      REVENUE RECOGNITION**

Deferred revenue

The following table illustrates license fee revenues expected to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2022. The Company has elected to exclude sales and usage-based royalties and any other variable consideration recognized on an "as invoiced" basis.

Franchise fee revenue to be recognized in the years ending December 31:

2023	\$	33,550
2024		33,550
2025		33,550
2026		33,550
2027		33,550
Thereafter		<u>134,388</u>
Total	\$	<u>302,138</u>

**STEVENSTONE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 4      INCOME TAXES**

Deferred income taxes reflect the net tax effects of the temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts determined for income tax purposes. Significant components of deferred tax assets and liabilities at December 31, 2022 are as follows:

Long-term deferred tax assets (liabilities):	
Net operating loss carryforward	\$     27,000
	<hr/>
Total	\$     27,000
	<hr/> <hr/>

**NOTE 5      CONSIDERATION OF ABILITY TO CONTINUE**

Management has evaluated the results of operations, the cash flows, and its liquidity. While management expects revenues to increase due to the sales of franchises, the Company's two stockholders have adequate resources to advance funds to the Company to meet its obligations in a timely manner, if necessary.

**NOTE 6      ECONOMIC DEPENDENCY, CONCENTRATIONS, RISKS AND UNCERTAINTIES**

The Company's services are concentrated in the franchise and restoration industries and are dependent on market conditions affecting these respective industries.

Failure to anticipate or respond adequately to changes in customer requirements, and changes in regulatory requirements or industry standards, including monetary and lending policies, could have a material adverse effect on the Company's business and operating results. Additionally, certain other factors could affect the Company's future operating results and cause actual results to differ materially from expectations, including but not limited to, difficulties in managing growth, dependence on key personnel, and difficulties in attracting and retaining qualified personnel.

Concentration of credit risk

The Company's financial instruments that are exposed to concentrations of credit risk consist of accounts receivable. The Company grants credit on an unsecured basis and controls credit risk on its accounts receivable through monitoring procedures.

**EXHIBIT F**

**Guarantee**

## GUARANTEE

\_\_\_\_\_, (“**Guarantor**”) whose address is \_\_\_\_\_, as a material inducement to and in consideration for **STEVENSTONE INC.** (“**Franchisor**”) entering into a Franchise Agreement (the “**Franchise Agreement**”) with [**FRANCHISEE**] (“**Franchisee**”), dated \_\_\_\_\_, 20\_\_\_\_, unconditionally guarantees and promises to and for the benefit of Franchisor that Franchisee shall perform faithfully and completely all of the provisions, obligations and duties that Franchisee has agreed to perform under the Franchise Agreement, any lease or sublease entered into pursuant to the Franchise Agreement and/or any other obligations undertaken or to be undertaken by Franchisee in favour of Franchisor or Franchisor’s parent, subsidiary, or affiliated corporation, corporations, individuals or other entities.

If Guarantor is more than one (1) person, Guarantor’s obligations are joint and several. Guarantor’s obligations are also independent of Franchisee’s obligations. A separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against Franchisee, or any or all of them, or whether any other Guarantor or Franchisee is or are joined in the action.

Guarantor waives the benefit of any statute of limitations or other provision of law which in any way affects or limits Guarantor’s liability under this Guarantee, to the extent permitted at law.

The provisions of the Franchise Agreement or other obligation involving Franchisee may be changed at any time and without the consent of or notice to Guarantor. This Guarantee shall continue to guarantee the performance of Franchisee under the Franchise Agreement and/or other obligation as so modified without further agreement or act of Guarantor being required.

Assignment by Franchisee or by Franchisor of the Franchise Agreement or other obligation as permitted in the Franchise Agreement or other obligation shall not affect this Guarantee and the obligations of Guarantor hereunder shall carry over to the transferee of either party to the Franchise Agreement or other obligation and the Guarantor shall not be released from its obligations hereunder.

This Guarantee shall not be affected nor the obligations of Guarantor hereunder limited in any way by Franchisor’s delay in enforcement or failure to enforce any of its rights under the Franchise Agreement, other guaranteed obligation, or under this Guarantee.

If Franchisee commits a breach of the Franchise Agreement, or other guaranteed obligation, Franchisor can proceed immediately against Guarantor or Franchisee, or both, or Franchisor can enforce against Guarantor or Franchisee, or both, any rights which it has under the Franchise Agreement, other obligation, or pursuant to applicable law, or both. If the Franchise Agreement or other obligation terminates, Franchisor can enforce any rights it has following such termination against Guarantor, Franchisee, or both, without giving prior notice to Guarantor, Franchisee, or either, and/or without making demand on Guarantor, Franchisee, or either.

Guarantor waives the right to require Franchisor to proceed against Franchisee before proceeding against Guarantor, to proceed against or exhaust any security that Franchisor holds from

Franchisee, Guarantor, or any other source, and/or to pursue any other remedy available to Franchisor prior to proceeding against Guarantor, Franchisee, or either. Guarantor further waives any defence available to Guarantor, Franchisee, or either, by reason of any disability of Franchisee, and further waives any other defence based on the termination or limitation of Franchisee's liability by reason of any cause, event, term or condition, including any defence or limitation available by operation of law.

Until all of Franchisee's obligations to Franchisor have been satisfied and discharged in full, Guarantor waives any right of subrogation against Franchisee. Guarantor waives any right it may have to enforce any remedies that Franchisor may now have against Franchisee, or may have at a later time. Guarantor further waives all presentments, protests, demands of any type, notices of any type, including notices of protest, notices of dishonour, and notices of acceptance of this Guarantee. Guarantor waives the foregoing as to present and/or future obligations and specifically waives any and all notices of the existence, creation or incurrence of any new or additional obligations of Franchisee to Franchisor.

If Franchisor is required, in its discretion, to enforce Guarantor's obligations under this Guarantee by legal proceedings, and/or by the employment of a lawyer or legal representative, or is required to take any other or additional collection or other action to enforce its rights hereunder, Guarantor agrees to pay to Franchisor all costs incurred by Franchisor in such proceedings, action and/or employment, including court costs, costs of suit, and legal fees on a substantial indemnity basis.

This Guarantee shall be binding upon Guarantor, and each and all of them, if more than one (1), and upon his, her, its or their successors, representatives and assigns.

Executed at \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**EXHIBIT G**

**State Specific Addenda**

EXHIBIT G

**STATE SPECIFIC ADDENDA**

The following modifications are made to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement.

The following are state specific changes for and are applicable to you only if you are covered by the franchise law of the referenced state:

CALIFORNIA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AND RELATED DOCUMENTS

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

**Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:**

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

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

The URL of our website is [www.newcreations.com](http://www.newcreations.com). OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in either Whatcom County or King County, Washington, with the costs being borne equally between the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Washington. This provision may not be enforceable under California law.

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

California franchisees shall not answer or complete the Franchise Disclosure Questionnaire and Certification attached as Exhibit H to the Attachment D to the Franchise Disclosure Document.

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

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

The undersigned does hereby acknowledge receipt of this Addendum.

FRANCHISOR:

FRANCHISEE:

STEVENSTONE INC.

\_\_\_\_\_

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

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

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

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

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

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

ILLINOIS

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, arbitration may take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

Items 5 and 7 of the Franchise Disclosure Document and Section 5.1 of the Franchise Agreement are amended to provide that all initial fees shall be deferred until such time as the franchisor has satisfied its pre-opening obligations to the franchisee and the franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to the franchisor's financial condition.

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

STEVENSTONE INC.

\_\_\_\_\_

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

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

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

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

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

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

KANSAS

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_.

Article 14 of the Franchise Agreement states that you will indemnify and hold us harmless from and against any and all loss, damages or liability, and costs and expenses therewith, incurred by us as a result of any violation of the Franchise Agreement by you, or any act of your agents or employees, and from all claims, damages, suits, or rights of any person arising from the operation of the franchised business. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this indemnity, and that you consider it reasonable.

Section 4(e) the Franchise Agreement requires that you name us as an additional named insured on certain insurance policies. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this insurance clause, and that you consider it reasonable.

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

STEVENSTONE INC.

\_\_\_\_\_

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

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

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

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

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

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

MICHIGAN DISCLOSURE PAGE

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise before the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area after the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.
- (e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of the assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision that permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1st Floor  
Lansing, Michigan 48933  
Telephone Number: (517) 373-7117

Any provision in the Franchise Agreement specifying that litigation between us and you is to take place outside of Michigan is amended to provide instead that litigation will be brought either in the forum designated in the Franchise Agreement or in the state or federal courts located in Detroit, Michigan, and the parties consent to the jurisdiction of those courts; provided, however, that we reserve the right to seek relief in any other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Franchise Agreement. This amendment will have no effect on the forum or venue of any arbitration proceeding between us and you.

## MINNESOTA

### ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_.

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

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require (except in certain specified cases), that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer will not be unreasonably withheld.

We will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

Minnesota Rule 2860.4400D may prohibit us from requiring you to assent to a general release.

In accordance with Minnesota Rule 2860.4400J, to the minimum extent required by law, the Franchise Disclosure Document and the Franchise Agreement are modified so that we can not require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Any statements in the Franchise Disclosure Document and Franchise Agreement stating that we are entitled to injunctive relief are amended to read "we may seek injunctive relief." A court will determine if a bond is required.

Provisions in the Franchise Disclosure Document and Franchise Agreement limiting your right to file claims, that are inconsistent with Minnesota Statute Sec. 80C.17, Subd. 5, are amended to the minimum extent required by Minnesota law.

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

Items 5 and 7 of the Franchise Disclosure Document and Section 5.1 of the Franchise Agreement are amended to provide that all initial fees shall be deferred until such time as the franchisor has satisfied its pre-opening obligations to the franchisee and the franchise has opened for business.

*[signatures on following page]*

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

STEVENSTONE INC.

\_\_\_\_\_

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

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

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

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

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

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

NEW YORK

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_.

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for a franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts — Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

STEVENSTONE INC.

\_\_\_\_\_

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

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

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

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

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

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

VIRGINIA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for us to cancel your franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement.

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

STEVENSTONE INC.

\_\_\_\_\_

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

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

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

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

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

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

## WASHINGTON

### ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

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

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

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

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

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

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

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

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the Franchise Agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

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

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

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

19. **Deferral of Initial Franchise Fees.** In lieu of an impound of franchise fees, the franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or Franchise Disclosure Document, and (b) is open for business.

The undersigned parties do hereby acknowledge receipt of this Addendum.

FRANCHISOR:

FRANCHISEE:

STEVENSTONE INC.

\_\_\_\_\_

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

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

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

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

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

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

WISCONSIN

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Stevenstone Inc. New Creations Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_.

With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The disclosure document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, The Wisconsin Fair Dealership Law, SEC 32.06(3), Wis. Adm. Code.

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

STEVENSTONE INC.

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT H**

**Franchisee Disclosure Questionnaire and Certification**

**This Franchisee Disclosure Questionnaire and Certification does not apply to franchises who intend to operate the franchised business in the State of California.**

**Do not sign this Franchisee Disclosure Questionnaire and Certification if you are a resident of Washington, or the business is to be operated in Washington.**

## **FRANCHISEE DISCLOSURE QUESTIONNAIRE AND CERTIFICATION**

Please complete the attached questionnaire as you work through the process of becoming a NEW CREATIONS franchisee. When you have completed the questionnaire, please sign the certification that appears on the last page.

The overall purpose of the information collected by this questionnaire is to determine whether any statements or promises were made to you by employees or representatives of STEVENSTONE INC. that STEVENSTONE INC. has not authorized, and that may be untrue, inaccurate or misleading. With that purpose in mind, you will find the questions with regard to statements that may have been made to you during the application process.

In addition, questions relating to statements made to you during the application process, you will also find questions relating to the dates that certain documents (such as the Franchise Disclosure Document or Franchise Agreement) were received, or dates on which payments were made. *When purchasing a franchise, the timing of the receipt of documents, payments of franchise fees and other events are very important.* Also, questions relating to your understanding of the NEW CREATIONS Franchise Agreement are contained in the questionnaire.

For ease of reference, we refer to the agreement into which you are entering with Stevenstone Inc. (Franchise Agreement) as the “**NEW CREATIONS Agreement.**” References to “we,” “us” or “our” means the Franchisor, Stevenstone Inc.

**Please provide us with the completed Franchise Disclosure Questionnaire at the time you sign your NEW CREATIONS Agreement. Please send the Franchise Disclosure Questionnaire, along with the NEW CREATIONS Agreement, to us at: 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684.**

QUESTIONNAIRE

Please review each of the following questions and statements carefully and provide honest and complete responses to each:

The Franchise Disclosure Document

- 1. Did you receive a copy of the New Creations Franchise Disclosure Document at least 14 calendar days prior to signing the NEW CREATIONS Agreement or making any payment to us?

Yes \_\_\_ No \_\_\_

If "No", please comment:

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- 2. Did you give us a signed and accurate receipt for the copy of the Franchise Disclosure Document?

Yes \_\_\_ No \_\_\_

- 3. Have you received and personally reviewed our Disclosure Document we provided to you?

Yes \_\_\_ No \_\_\_

- 4. Do you understand all of the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_

If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary.)

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The NEW CREATIONS Agreement

5. Have you received and personally reviewed the NEW CREATIONS Agreement and each exhibit, addendum and schedule attached to it?

Yes \_\_\_ No \_\_\_

6. Do you understand all of the information contained in the NEW CREATIONS Agreement and each exhibit and schedule attached to it?

Yes \_\_\_ No \_\_\_

If “No”, what parts of the NEW CREATIONS Agreement do you not understand?  
(Attach additional pages, if necessary.)

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General Considerations

7. Have you discussed the benefits and risks of operating the franchised business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes \_\_\_ No \_\_\_

8. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, government incentives and laws, lease terms and other economic and business factors?

Yes \_\_\_ No \_\_\_

Communications with NEW CREATIONS LLC

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of the franchised business that we or our franchisees operate?

Yes \_\_\_ No \_\_\_

10. Has any employee or other person speaking on our behalf made any statement or promise concerning a franchised business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_

11. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a franchised business?

Yes \_\_\_ No \_\_\_

12. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_

13. If you have answered “Yes” to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of these questions, please leave the following lines blank.

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14. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?

Yes \_\_\_ No \_\_\_

CERTIFICATION

Your answers are important to us and we will rely on them.

By signing this certification, you are representing that you have responded truthfully to the above questions.

This Questionnaire and Certification does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**Please provide us with the completed Franchise Disclosure Questionnaire and Certification at the time you sign your NEW CREATIONS Agreement. Please send the Franchise Disclosure Questionnaire, along with the NEW CREATIONS Agreement, to us at: 13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684.**

\_\_\_\_\_  
Name of Franchisee/Applicant

Date: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Person Signing

\_\_\_\_\_  
Title

**EXHIBIT I**

**Form of General Release**

(may be signed in connection with a transfer or renewal – actual language may vary)

RELEASE

KNOW THAT \_\_\_\_\_ and its successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "RELEASOR"), in consideration of the right to renew, assign or transfer its Franchise Agreement with STEVENSTONE INC. ("Franchisor") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, releases and discharges Franchisor and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants and their respective successors and assigns (collectively, "RELEASEE") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the RELEASOR, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the RELEASEE for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE.

This RELEASE may not be changed orally.

This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the RELEASOR has executed this RELEASEE on \_\_\_\_\_, 20\_\_.

Executed and delivered in the presence of:

[Franchisee Entity]

\_\_\_\_\_  
Witness

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

## **EXHIBIT J**

### **State Effective Dates**

### **State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Illinois	April 21, 2025
Indiana	April 24, 2025
Michigan	September 30, 2024
New York	Pending
Virginia	Pending
Washington	Pending
Wisconsin	May 23, 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.

**EXHIBIT K**

**Receipt Pages**

## EXHIBIT K

### RECEIPTS

(Retain this copy for your records)

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate connected with the proposed franchise sale.

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

The following are our employed franchise sellers:

Name	Principal Business Address	Telephone Number
Josh Stevenson	13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, WA 98684	604-944-0664
David Stone	13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, WA 98684	360-882-7529
Steve Valentine	200 S. 17 <sup>th</sup> St., Lynden, WA 98264	509-994-6672

Other franchise sellers, if any, are:

Name	Principal Business Address	Telephone Number

The issuance date of this disclosure document is March 28, 2025.

Our registered agents authorized to receive service of process are identified in Exhibit G.

I received a disclosure document dated March 28, 2025 that included the following Attachments:

- Exhibit "A" Franchisee Lists
- Exhibit "B" Franchise Agreement
- Exhibit "C" Operations Manual Table of Contents
- Exhibit "D" State Franchise Regulatory Authorities and Agents for Service of Process
- Exhibit "E" Financial Statements
- Exhibit "F" Guarantee
- Exhibit "G" State Specific Addenda (amends both disclosure document and Franchise Agreement)
- Exhibit "H" Franchisee Disclosure Questionnaire and Certification
- Exhibit "I" Form of General Release
- Exhibit "J" State Effective Dates
- Exhibit "K" Receipts

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee  
individually and/or as an officer/  
partner/member of  
Name \_\_\_\_\_  
a \_\_\_\_\_ corporation/partnership/LLC.

**[Sign, date and retain this copy for your records]**

**RECEIPTS**  
**(Return this copy to Franchisor)**

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate connected with the proposed franchise sale.

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee  
individually and/or as an officer/  
partner/member of  
Name \_\_\_\_\_  
a \_\_\_\_\_ corporation/partnership/LLC.

**[Sign, date and return this copy to Franchisor at  
13215 SE Mill Plain Blvd, Suite C8 #504, Vancouver, Washington 98684]**