

FRANCHISE DISCLOSURE DOCUMENT

IVYBROOK FRANCHISING, LLC

North Carolina limited liability company

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www.IvybrookAcademy.com



The franchise offered is a comprehensive preschool. The main activity of the company is to provide an exceptional children's preschool environment through curriculum, involvement and learning environment. What distinguishes Ivybrook Academy is that it caters to families looking for a half day preschool opportunity for learning, enrichment, and socialization without having to place their child in a childcare establishment. The franchisee will have the option to offer private kindergarten classes as well. Franchisor, IVYBROOK FRANCHISING, LLC, provides services to franchisees including assistance with training, operations, advertising, purchasing and promotional techniques.

The total investment necessary to begin operation of an Ivybrook Academy franchise is \$540,700 to \$869,860. This includes \$82,500 that must be paid to the Franchisor or an affiliate. In addition, if you are qualified and choose to sign a Multi-Unit Development Agreement, which would grant you rights to open two or three Ivybrook Academy franchises within a defined geographical area and in accordance with a development schedule, you will pay us the initial franchise fees for your second school and, as applicable, third school at the time you sign the Multi-Unit Development Agreement. The total investment necessary to begin operation of your first Ivybrook Academy franchise under the Multi-Unit Development Agreement is \$575,700 to \$929,860. This includes \$117,500 that must be paid to the Franchisor or an affiliate.

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

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

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

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit development agreement require you to resolve disputes with the franchisor by mediation and arbitration only in North Carolina. Out-of-state mediation or arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or arbitrate with the franchisor in North Carolina than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **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.
4. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may experience delays in opening your own outlet.

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

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

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual 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 the notice should be delivered to the Department of the Attorney General, Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau, 2501 Woodlake Circle, Okemos, MI 48864, Telephone: (517) 241-6470.

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EXHIBITS

- A. Franchise Agreement
- B. Multi-State Addenda To Franchise Agreement, Multi-Unit Development Agreement and Disclosure Document
- C. Multi-Unit Development Agreement
- D. List of State Administrators
- E. List of State Agents For Service of Process
- F. Unlimited Guaranty and Assumption of Obligations
- G. Form of General Release
- H. Form of Nondisclosure, Non-Solicitation, and Noncompete Agreement
- I. Table of Contents of Confidential Brand Standards Manual
- J. Financial Statements
- K. Current Franchisees
- L. Franchisee Disclosure Questionnaire
- M. Receipts

Item 1: The Franchisor, and any Parents, Predecessors, and Affiliates.

The Franchisor. To simplify the language, this disclosure document uses “we,” “us” or “our” to mean IVYBROOK FRANCHISING, LLC, the franchisor. “You” or “your” means the individual, corporation, or other entity that buys an Ivybrook Academy franchise. We are a North Carolina limited liability company formed under the name “IVYBROOK FRANCHISING, LLC” on March 26, 2015. Our principal business address and registered agent address is 9801 Suzanne Court, Weddington, NC 28173. We currently use the name “Ivybrook Academy” to conduct business. Use of the term “affiliate” means an entity’s subsidiary or parent and an entity controlled by, controlling, or under common control with, another entity.

Our sole business since inception is selling Ivybrook Academy franchises and providing training and other goods and services to Ivybrook Academy franchisees (each a “Franchised Business”). We began selling Ivybrook Academy franchises in 2015. We are not currently engaged in any other business activities and have never offered franchises in any other line of business. We have never operated an Ivybrook Academy location, although affiliates of ours do.

Exhibit E identifies the names and addresses of our agents for service of process in certain states that require we appoint them upon our registration there.

Parents, Predecessors, and Affiliates. We do not have any parents or predecessors.

Our affiliate, McWilliams Education Services, LLC, was formed July 27, 2007 in the State of North Carolina. McWilliams Education Services, LLC has as its principal place of business 9801 Suzanne Court, Weddington, NC 28173. McWilliams Education Services, LLC has operated an Ivybrook Academy location since 2007 in Weddington, NC. McWilliams Education Services, LLC does not offer and has never offered franchises in this or any line of business. It does not provide products or services to our franchisees.

Our affiliate, McWilliams Properties, LLC was formed June 14, 2005 in the State of North Carolina. McWilliams Properties, LLC has as its principal place of business 9801 Suzanne Court, Weddington, NC 28173. McWilliams Properties, LLC does not operate an Ivybrook Academy location nor offer and has never offered franchises in this or any line of business. It does not provide products or services to our franchises, but has granted us the rights to license to you the trademarks that it owns.

Our affiliate, Catapult Industries, LLC (“Catapult”) was formed October 25, 2019 in the State of Virginia, and has as its principal place of business 1029 Ranchero Road, Virginia Beach, Virginia 23456. Catapult does not operate a business of the type being offered nor offer franchises in this or any line of business. Catapult develops and offers, or owns companies that develop and offer, software. Catapult is the parent company of the exclusive supplier to us of the school management and payment processing software, The Student Hub, that you will be required to use.

The Franchise Offered. As an Ivybrook Academy franchisee, you will own and operate a business that offers a comprehensive preschool providing a solid foundation for a child’s early learning years (a “School”). You will provide an exceptional children’s pre-school environment through

our curriculum, involvement and learning environment. What distinguishes us is that we cater to families looking for a half day pre-school opportunity for learning, enrichment and socialization without having to place their child in a full day, childcare establishment. You will also have the option to offer private kindergarten courses.

The Ivybrook Academy Schools are characterized by a unique system that includes specifically curriculum, unique learning environment, distinctive design, décor, color scheme, furnishings, hardware, software programs, standards, specifications, procedures for operations, training and assistance, and advertising and promotional programs; all of which we may improve, amend, and further develop from time to time. You will be required to operate using our Marks and in accordance with our confidential manuals, including our Brand Standards Manual, and other proprietary manuals we may loan to you (collectively, the “Confidential Brand Standards Manual”), standards, methods, procedures and specifications for the operation of Ivybrook Academy Franchised Businesses (collectively, the “System”), which we may modify from time to time as we deem appropriate in our sole discretion. The typical Ivybrook Academy School is operated in leased space (freestanding or otherwise) located on or near main thoroughfares. We offer qualified franchisees the opportunity to sign a unit franchise agreement. We have the right to accept your location and designate the Territory associated with the location applying our current standards for site selection and Territory designation.

If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Ivybrook Academy outlets, on an agreed-upon schedule. For each future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

You will compete with other Ivybrook Academy franchisees and Ivybrook Academy Schools owned by our affiliate, private preschools, Montessori schools, church-based preschools, private kindergartens, and childcare centers. These include national and regional chains, as well as local operations. The general market for the service is children ages 1 year to 6 years from families that place a high priority on quality early childhood education. This market is well developed. Sales are somewhat seasonal, as we conduct camp sessions during the summer rather than our regular programs.

The laws and regulations specific to our industry will vary according to your jurisdiction. Most states and localities have specific regulations that may affect businesses offering educational and childcare services. These laws and regulations may include licensing requirements; standards, specifications and requirements for the construction, design and maintenance of the business premises; standards and requirements for fire safety and general emergency preparedness; quality rating evaluations; capacity and instructor/child ratios; specified minimum indoor and outdoor physical facilities and equipment; personnel screening obligations involving background checks and criminal records checks; personnel credentials, age restrictions and training requirements; obligations to report evidence of child abuse and neglect; food service requirements; labor and employment practices; limitations on restrictive covenants; and recordkeeping requirements. The Americans with Disabilities Act also may apply to the operation of your School. If you choose to offer private kindergarten courses, the applicable laws and regulations may be different from or in

addition to the laws and regulations applicable to preschools, including different licensure requirements. Local laws and authorities will determine the enrollment capacity for the School. You must investigate, keep informed of and comply with these laws as well as other federal, state and local laws.

Additionally, your School must be accredited by NAEYC (National Association for the Education of Young Children) when you are eligible for accreditation after two years of operation. NAEYC has accreditation standards that you will be required to meet and maintain, including standards for curriculum, physical environment, teaching, and assessment, among other topics. Your School must be accredited by Better Business Bureau, which has its own standards as well.

Item 2: Business Experience.

Drew McWilliams – Chief Executive Officer and Co-Founder. Drew McWilliams is one of our co-founders. From February 2015 to May 2024, he was our President. Since May 2024, he has been our Chief Executive Officer. Drew is also a co-founder of the Weddington, NC Ivybrook Academy location owned by our affiliate McWilliams Education Services, LLC. Drew has served as President of McWilliams Education Services, LLC since March 2006.

Jennifer McWilliams –Co-Founder. Jennifer McWilliams is one of our co-founders. From February 2015 to December 2024, she was our Head of Schools. Jennifer is also a co-founder of the Ivybrook Academy location owned by our affiliate McWilliams Education Services, LLC.

Daniela McElhaney – Vice President of Education and Curriculum. Since August 2022, Daniela McElhaney has been a Vice President of Education and Curriculum. From January 2018 to August 2022 Ms. McElhaney was our Executive Director of Operations.

Katherine Bell – Vice President of Training. Since August 2022, Katherine Bell has been a Vice President of Training. From January 2018 to August 2022, Ms. Bell served as the Executive Director of Curriculum.

Amy Cowan – Vice President of Operations. Since July 2022, Amy Cowan has been our Vice President of Operations. From October 2020 to July 2022, Ms. Cowan served as an Executive Director of Franchise Support. She also served as an administrator of the Weddington, NC campus from March 2019 to October 2020.

Jason Barclay – Franchise Development Representative. Since September 2016, Mr. Barclay has served as a Partner of BrandONE Franchise Development, LLC. Mr. Barclay's primary office is located in Charlotte, NC.

Except as otherwise stated above, the location of each position described above is our headquarters in Charlotte, NC.

Item 3: Litigation.

No litigation is required to be disclosed in this Item.

Item 4: Bankruptcy.

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

Item 5: Initial Fees.

Franchise Fee. When you sign your franchise agreement, you must pay us \$50,000 as the initial franchise fee in a lump sum. We do not refund the initial franchise fee under any circumstances.

If you fail to complete the initial training program to our satisfaction, or we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, the franchise fee is not refundable.

If you are purchasing an existing Ivybrook Academy School from a current franchisee, you will not pay the initial franchise fee, but you will pay us a \$10,000 transfer training fee. This transfer training fee is due when you sign your franchise agreement and is not refundable.

Real Estate and Facility Coordination Fee. When you sign your franchise agreement you are required to pay us a \$10,000 real estate and facility coordination fee. We will assist you by (a) identifying a real estate broker, (b) reviewing potential locations that meet our general standards for size, layout, and other physical characteristics, (c) at our expense, send a representative to make a single visit to review potential sites, (d) reviewing your letter of intent, and (e) advising regarding School layout and configuration. Your participation in and attendance with all phases of the real estate process is required. This fee is not refundable.

Training & Opening Support Fee. We charge a training and opening support fee of \$15,000. This fee is due upon signing a property lease or contract to purchase real estate for your Ivybrook Academy franchise location. We will provide an initial training program that involves both online courses, training at our Charlotte, NC headquarters, and set up at your school location. This fee will cover our staff expenses for round trip transportation to and from the training site, meals and lodging. You must pay for you and/or your representatives' expenses during training, including but not limited to round-trip transportation, meals, and lodging. This fee is not refundable.

Décor Package. Upon notice from us and approximately 90 days before opening, you must pay us the then-current costs for a package of proprietary décor for your School. The current cost is \$7,500. If you do not open your School this year, the fee is subject to increase based upon changes in supplier pricing for the décor package at the time you open. This fee is not refundable.

Multi-Unit Development. If you and we agree that you will develop two or three franchises, then you will sign a franchise agreement for your first school and a multi-unit development agreement ("MUDA") in the form of Exhibit C for the additional schools. You will be obligated to sign your second franchise agreement within twelve months after opening the first school, and, if applicable, to sign your third franchise agreement within twenty-four months after opening the second school.

Your franchise fee will be \$50,000 for the first school. The franchise fee is \$35,000 for the second school and \$25,000 for the third school. You will pay the entire franchise fee for each unit agreed to when you sign the MUDA. The franchise fees are not refundable.

All of the fees identified in Item 5 were uniformly applied in our last fiscal year.

Item 6: Other Fees.

OTHER FEES¹

| Type of Fee | Amount | Due Date | Remarks |
|-------------------------------------|---|--|--|
| Royalty Fee | 7% of Gross Revenue | Payable monthly, by the 6 th day of the month | You must pay your royalty fee directly to us from Gross Revenue generated through your business. See definition of "Gross Revenue" in Note 2. |
| Brand Development Fund Contribution | 1% of Gross Revenue | Payable monthly, by the 6 th day of the month | Used to contribute to the Ivybrook Academy Brand Development Fund (the "Brand Fund"). We have the right to adjust this fee from time to time and expect to raise it to 2% of Gross Revenue in 2026. |
| Local Marketing Expenditure | 1% of Gross Revenue | As incurred by you; measured yearly | You must spend at least 1% of Gross Revenues each year on advertising, promotions and public relations within the immediate locality surrounding your School. Within 30 days after the end of each month, you must furnish to us an accurate accounting of the expenditures on local advertising for the preceding month. We have the right to require you to spend your required minimum local advertising amount with specific suppliers and on specific services or products. We have the right to require you to pay this amount to us or our affiliate to use on your behalf. |
| Marketing Cooperative | As determined by Marketing Cooperative. Currently, none | Payable monthly, by the 6 th day of the month | We have the right to require you to join a marketing cooperative of franchisees in your area. Any percentage contribution would be set by us or the cooperative on a majority vote of its administrative council. The maximum marketing cooperative fee that can be imposed is 2% of Gross Revenues. Each member of the cooperative, whether franchised or company owned, will have one vote if they are part of the council. |

| Type of Fee | Amount | Due Date | Remarks |
|----------------------------------|--|-----------------|---|
| Third Party Suppliers | Pass-through of costs, plus reasonable administrative charge. Currently, none. | Varies | We have the right to require franchisees to use third-party suppliers that we designate. Examples can include technology suppliers, payroll supplier, real estate companies, construction management companies, and customer feedback systems. The suppliers may bill franchisees directly, or we have the right to collect payment for these supplier from franchisees, together with a reasonable markup or charge for administering the payment program. |
| Products and Services | Varies | As incurred | We and our affiliates reserve the right to become an approved or exclusive supplier of any products or services. |
| Noncompliance Cure Costs and Fee | Our out-of-pocket costs and internal cost allocation, plus 10% | When billed | We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you or conduct required refurbishing work), and you will owe our costs plus a 10% administrative fee. |
| Customer Complaint Resolution | Our expenses | Upon demand | We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses. |
| Audit Expenses | All costs and expenses associated with audit, approximately \$1,500 to \$5,000 | Upon demand | Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported Gross Revenues by more than 3% for any month period. |
| Inspection Fee | Currently \$750, plus our out-of-pocket costs | Upon demand | Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification. |
| Late Fees and Interest | 1.5% per month or the highest rate allowed by the state where you are located (whichever is lower) | Upon demand | Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit. |

| Type of Fee | Amount | Due Date | Remarks |
|---|--|-------------------------|--|
| Approval of Products, Services, or Suppliers | \$500 | Time of evaluation | Applies if, at your request, we evaluate a potential new supplier you wish to purchase from or products or services you wish to purchase. |
| Transfer Fee | \$10,000 | At the time of transfer | Except for a limited set of circumstances, you will pay us a transfer fee upon the transfer of the business. Payable to us at time of transfer. |
| Transfer Training Fee | \$10,000 | At the time of transfer | Payable by the transferee to cover the costs of training. |
| Renewal Fee | The greater of (a) \$10,000 or (b) 10% of the initial franchise fee then in effect for new franchisees | Upon renewal | Payable if you exercise your right to renew your franchise per (10) year renewal term. |
| Relocation Assistance | Not specified | Time of assistance | If you need our assistance to relocate, and we agree, you must reimburse our costs to assist you. |
| Substitute or New School Administrator Training | Currently, \$500 per week for attendance at Ivybrook University or a similar program | Time of training | If you replace your School Administrator after opening, the replacement must attend our training program, currently the Ivybrook University program. We determine the fee and may adjust it from time to time. |
| Additional Operations Assistance or Training | Our then-current charge for such assistance or training. Currently, \$500 per day plus our expenses | Time of assistance | We provide assistance and training throughout the term of your franchise agreement. If you request additional assistance or training beyond what we already provide, you may be charged a fee, plus our expenses if we need to travel to accommodate your request. |
| Cost of Enforcement | All costs including reasonable attorneys' fees | Upon demand | You must reimburse us for all costs and damages incurred in enforcing your obligations or that arise out of your default and termination, including costs if we prevail in legal proceedings. |
| Damages | All cost, losses, and expenses, including reasonable attorney's fees incurred by us as a result of your defaults | Upon demand | You must reimburse us for all costs and damages incurred by us as a result of your defaults. |

| Type of Fee | Amount | Due Date | Remarks |
|--------------------------|---|-----------------|--|
| Indemnification | Any and all types of damages, liabilities, losses, costs, and expenses we incur as a result of third parties claims or from your ownership and operations of the School | Upon demand | You, your owners, and your guarantors must indemnify us and related parties for a broad range of claims related to your actions, omissions, ownership, and operations of the School. |
| Technology Fee | \$250 per month | Payable monthly | We may use this fee for any technology-related purpose, and we may increase this fee at any time during the term. Currently, the Technology Fee covers the cost of our intranet, website, and other technology that we provide to you. |
| Conference Fee | The then-current registration fee per person | As incurred | We may hold conferences for franchisees at our discretion. We require your attendance at these conferences and charge you a fee to cover a portion of the costs. You will be responsible for paying the costs of travel expenses, food, transportation, and lodging for you and anyone you bring to the conference. If you fail to attend a required conference, we will charge you the attendance fee per person. |
| Continuing Operation Fee | Greater of \$1,000 or 150% of the Royalty due for the same week for every week of month-to-month operations, up to the then-current initial franchise fee | As incurred | This is applicable only if Franchisee continues to operate as an Ivybrook Academy Franchisee after the expiration of the franchise agreement. This fee in no way limits Franchisor's rights to obtain other damages Franchisor may recover against Franchisee under the franchise agreement. |
| Non-Compliance Fee | Varies For ongoing non-compliance, up to \$1,000 per week plus our costs and expenses | As incurred | We may charge you a fee for instances of non-compliance. If the non-compliance is ongoing we can charge you up to \$1,000 per week plus our costs and expenses. |
| Late Reporting Fine | Up to \$1,000 per incident | As incurred | If you fail to timely provide any requested or required information we may charge you a fine. |

| Type of Fee | Amount | Due Date | Remarks |
|----------------------|--|---|--|
| Liquidated Damages | Will vary under the circumstances | Within 15 days after termination of the Franchise Agreement | Liquidated damages are determined by multiplying the monthly average of Royalty (without regard to any fee waivers or other reductions) that are owed by you to us during the 12 months of operation preceding the effective date of termination multiplied by the number of months remaining in the term of the Franchise Agreement. Payable if we terminate for cause. |
| Transfer Damages | \$25,000 | Within 15 days of demand | If the franchisee or any of its owners engage in a transfer without first complying with all Franchise Agreement terms, you will pay this fee. |
| System Modifications | All costs and expenses associated with System modification | As required | If we make changes to the System, you must adapt your business to conform to the changes. By way of example only, such changes may include new equipment or software. These may be paid to our affiliates or a third-party supplier we designate. |

Note 1. All fees are payable to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. All fees are payable by electronic debit or other method that we determine.

Note 2. "Gross Revenues" means all revenue generated from the Franchised Business and from any operations at the accepted location where the Franchised Business is located, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) any revenue you refund to a customer (b) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority.

Item 7: Estimated Initial Investment.

YOUR ESTIMATED INITIAL INVESTMENT¹

| Type of expenditure | Amount | Method of payment | When due | To whom payment is to be made |
|--------------------------------|---------------------|------------------------|--------------------------------------|-------------------------------|
| Initial Franchise Fee | \$50,000 - \$50,000 | Check or wire transfer | Upon signing the franchise agreement | Us |
| Training & Opening Support Fee | \$15,000 - \$15,000 | Check or wire transfer | Upon signing the franchise agreement | Us |

| Type of expenditure | Amount | Method of payment | When due | To whom payment is to be made |
|--|------------------------------|-----------------------------|--------------------------------------|--|
| Real Estate and Facility Coordination Fee | \$10,000 - \$10,000 | Check or wire transfer | Upon signing the franchise agreement | Us |
| Construction, Leasehold Improvements (Note 2) | \$277,300 - \$518,860 | Check | As incurred or when billed | Contractors |
| Furniture, Fixtures, Classroom Equipment, and Decor (Note 3) | \$75,000 - \$105,000 | Check, debit, and/or credit | Upon ordering | Suppliers, franchisor |
| Outdoor Classroom (playground equipment) (Note 4) | \$10,000 - \$25,000 | Check, debit, and/or credit | Upon ordering | Suppliers |
| Signage (interior and exterior) (Note 5) | \$8,000 - \$14,000 | Check, debit, and/or credit | Upon ordering | Suppliers |
| Computer Hardware and Software (Note 6) | \$1,000 - \$2,500 | Check, debit, and/or credit | Upon ordering | Suppliers |
| Rent Deposit (Note 7) | \$15,000 - \$25,000 | Check or debit | Upon signing lease | Landlord |
| Utility Deposits (Note 8) | \$1,000 - \$2,500 | Check, debit, and/or credit | Upon ordering service | Utility providers |
| Insurance Deposits and Premiums (Note 9) | \$3,000 - \$5,000 | Check | Upon ordering | Insurance company |
| Pre-opening Travel Expense (Note 10) | \$400 - \$2,000 | Check, debit, and/or credit | When incurred | Airlines, hotels, and restaurants |
| Grand Opening Advertising (Note 11) | \$20,000 - \$25,000 | Check, debit, and/or credit | As incurred or when billed | Suppliers |
| Professional Fees (See Note 12) | \$25,000 - \$35,000 | Check | As incurred or when billed | Architects, construction manager, attorneys, accountants |
| Additional Funds – 3 Months (See Note 13) | \$30,000 - \$35,000 | Varies | Varies | Employees, landlord, franchisor, other |
| Total | \$540,700 - \$869,860 | | | |

Note 1. Each payment to us is non-refundable. Third parties may have their own refund policies, but generally the payments will be non-refundable. We do not finance any part of the initial investment.

Note 2. You must lease or provide a suitable facility for the operation of the franchised School. These estimates that you will receive a tenant improvement allowance of \$40 per square foot to retrofit a space of 6,000 square feet, which allowance can vary by location and landlord. You may choose a larger facility, but it will increase your operating costs. Your cost to lease space is difficult to quantify because there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, supplier pricing

and taxes, overall costs and efficiencies in your market. Not every landlord will grant a tenant improvement allowance. Your landlord, developer, or builder may refund your security deposit or other fees paid, but most will not refund rental payments or other payments made. You should ask your leasing broker or landlord about their refund policy before you sign a lease agreement. These estimates do not include the cost of any sitework, costs of plan, government approvals, consents, and other entitlement costs. These estimates assume that you are improving upon a space that already has HVAC, plumbing, and electric wiring completed. These estimates do not reflect the cost to build or purchase a space, which could be significantly higher. We do not require you to build or purchase a space. These estimates are informed by reports from our franchisees and our general understanding of the construction industry.

Note 3. The equipment, furniture, and fixtures you will be required to purchase include classroom furniture from our designated supplier. The décor package will be purchased from us. The amount of classroom furniture you need will vary based upon the size of your School. Our estimated costs do not include transportation or set up charges.

Note 4. You will be required to purchase outdoor playground equipment from our approved supplier. Your costs will depend on the size and type of equipment.

Note 5. Your costs for signage will vary depending on the size of your façade. Our estimates include wall signage for the exterior of the building, interior signage such as logo graphics for windows, and interior brand identification such as wall graphics.

Note 6. The computer equipment you must purchase includes office computers, iPads, and certain software or applications like Quickbooks and The Student Hub school management and payment processing software. See Item 11 for a complete list of the hardware and software you will need.

Note 7. This estimate represents a deposit equal up to three months' rent. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. These estimates assume you will have free rent until you open your School for operation.

Note 8. These estimates are based on historical experience of our affiliate's School but will vary based on municipality and service provider.

Note 9. This estimate assumes you pay 25% of the annual cost of insurance before you open. These estimates are based on the experience of our affiliate and may vary based on your location, insurance provider, and other factors.

Note 10. These estimates represent travel and lodging expenses for up to three people to attend our training in Charlotte, North Carolina or another location we designate.

Note 11. You will spend a minimum of \$20,000 prior to the opening of your School on marketing. All of the expenditure will be paid to our approved supplier which will manage and implement the marketing. You may choose to spend more.

Note 12. These estimates represent fees for initial reviews and advisory services for a construction manager and architect. You may incur greater costs if you engage an accountant or attorney to perform other or additional services or if you use service providers who charge high fees. Your costs will increase if you require a new construction bid. These estimates assume you will not need further services from an additional architect or civil engineer in your jurisdiction, which may be required under local laws, rules, and regulations. You will incur greater costs if you engage an architect to perform a new construction building or additional services.

Note 13. You should have a three-month cash reserve to cover the operations of the Ivybrook Academy business. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. Our estimates do not include any other charges or expenses, including finance charges, interest or debt service obligations or any other expenses. Your costs, and the amount you should have in reserve, will be affected by factors in the local market, your technical, marketing and general business skills, local economic conditions, local competition, local cost factors and where your School is located. You may need to have more or less money in your cash reserve than what we have estimated. You may need to have additional working capital to cover lower than estimated sales or higher than estimated operating costs. You should speak with a financial advisor to get a more accurate estimate of the amount you should have in reserve. The operating costs for which you may use the cash reserve are typically non-refundable, but you should ask about refund policies before you patronize any supplier. The payments made to third parties may be refundable depending on the terms offered by each third party. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of Ivybrook Academy Schools by our affiliates and franchisees, and our general knowledge of the industry.

**YOUR ESTIMATED INITIAL INVESTMENT
MULTI UNIT DEVELOPMENT AGREEMENT**

| Type of expenditure | Amount | Method of payment | When due | To whom payment is to be made |
|-----------------------------------|----------------------------|------------------------|-----------------------|-------------------------------|
| Additional initial franchise fees | \$35,000 - \$60,000 | Check or wire transfer | Upon signing the MUDA | Us |
| Total | \$35,000 - \$60,000 | | | |

This Table reflects the fees payable at the execution of a Multi-Unit Development Agreement for two or three franchises. The franchise fee is \$35,000 for your second school and \$25,000 for your third school. Additionally, you will pay the \$10,000 Real Estate and Facility Coordination Fee and the \$15,000 Training & Opening Support Fee for each additional school when you sign the franchise agreement for the additional school. The above fees are in addition to the initial investment required to establish each school as shown in the first Item 7 Table.

Item 8: Restrictions on Sources of Products and Services.

We may require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (a) from us, our affiliate, or our designee, (b) suppliers approved by us, or (c) according to our specifications.

We reserve the right to designate ourselves or our affiliates as the exclusive suppliers of any good or service that you must purchase. We issue specifications and standards to you for applicable aspects of the franchise in our Confidential Brand Standards Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Confidential Brand Standards Manual and/or issuing new written directives (which may be communicated to you by any method we choose). Currently we do not issue specifications directly to suppliers.

Currently, the items below are our specific obligations for your purchases and leases.

(i) Real Estate. You may lease or purchase the real estate for the School, but we anticipate that you will most likely lease it. Your business location is subject to our acceptance and must meet our specifications. It is your responsibility to select your own location. You must obtain our acceptance of the lease or purchase agreement. We have the right to require you and your landlord to provide in the lease that we shall have the right at our option and without compensation to you to take assignment of the lease should you materially default under the lease or should your franchise terminate or not be renewed for any reason. Similarly, you must have your landlord execute the lease rider attached hereto as Schedule 3 to the franchise agreement. You are not allowed to relocate the business premises without our prior written approval.

(ii) Computers and Software. You must purchase and subscribe to the computer systems and software described in Item 11. Currently, you are required to subscribe to The Student Hub, a school management and payment processing software. The exclusive supplier of The Student Hub is owned by an affiliate, Catapult.

(iii) Furniture, Equipment, Signage. You are also required to purchase all furniture, signage, décor, and any items bearing our Marks from suppliers we approve, which may be us or our affiliates. You will need to purchase from us a package of proprietary décor items prior to opening.

(iv) Professional Services. You must use the professional services of our approved architect and construction management company.

(v) Marketing. You must use our designated supplier for marketing services and materials.

(vi) Supplies. You are required to purchase certain supplies, including branded materials from an approved supplier.

(vii) Insurance. You are obligated to obtain and maintain at your own expense the types and amounts of insurance that we designate in our Confidential Brand Standards Manual or otherwise in writing. All policies (except any workers' compensation insurance) must name us as an additional insured and all shall contain a waiver of all subrogation rights against us and our successors and assigns. In addition to any other insurances that may be required by applicable law or by your landlord, you must procure:

- All risk property insurance coverage;
- Worker's compensation insurance in the amount required by state law;
- Employer liability insurance with a minimum of \$100,000; and
- Comprehensive liability insurance against claims for bodily and personal injury, death, and property damage with a minimum liability coverage of \$2,000,000 per occurrence.

The franchise agreement also outlines the types, amounts, terms and conditions of insurance coverage required for your School, including, but not limited to, standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; and similar matters relating to insured and uninsured claims. If a lease or any other contract you enter into or state law requires more insurance than listed above, you must purchase and maintain such additional insurance, but you must never have less insurance than that listed above. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments and your history. All insurance policies must name us as an additional insured party.

(viii) NAEYC and NAREA. You must be a member of NAEYC (National Association for the Education of Young Children) and your school must be accredited by NAEYC when you are eligible for accreditation after two years of operation. You must also be a member of NAREA (North American Reggio Emilia Alliance).

(ix) Better Business Bureau. Your business must be accredited by the local Better Business Bureau.

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. We charge \$500 to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request and the information we need to evaluate the supplier. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Confidential Brand Standards Manual.

Drew McWilliams owns a minority interest in Catapult, which is the parent company of the supplier of The Student Hub. Otherwise, none of our other officers owns an interest in any supplier to our franchisees. Drew McWilliams is a licensed real estate agent and may receive a referral fee or commission from a real estate broker that assists you in finding a location.

When our franchisees make required purchases from our designated supplier of classroom furniture and our designated supplier of branded supplies and promotional items, we receive a nominal credit toward our or our affiliates' future purchases from the two suppliers. In 2024, we received credits of approximately \$33,821 from these suppliers, or less than 2% of our total revenue of \$2,171,363. These credits are based upon a volume of franchisee purchases. We do not share this credit with our franchisees, but our current policy is to use the rebates for our annual franchisee conference. In 2024, Catapult, a software supplier in which Drew McWilliams has a minority interest, has a subsidiary that received approximately \$36,000 from Ivybrook Academy franchisees' purchases of The Student Hub software.

Otherwise, we do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us, represents between 70% and 90% of your total purchases in connection with the establishment of your School. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 70% and 90% of your total purchases in operating your School.

There are no purchasing or distribution cooperatives. We do not negotiate purchase agreements with suppliers on your behalf. We do not provide material benefits to you based on the purchase of particular products or services or use of particular suppliers.

Item 9: Franchisee's Obligations.

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 | 2 and 5 | 11 |
| b. | Pre-opening purchases/leases | 5, 12, and 15 | 7 and 8 |
| c. | Site development and other pre-opening requirements | 5 | 7, 8 and 11 |
| d. | Initial and ongoing training | 8 | 5, 6, 7 and 11 |
| e. | Opening | 5 and 8 | 11 |
| f. | Fees | 3, 5, 8, 11, 13, 15 and 22 | 5, 6 and 7 |

| Obligation | | Section in Agreement | Disclosure Document Item |
|------------|---|-----------------------|--------------------------|
| g. | Compliance with standards and policies/Operating Manual | 5, 6, 7, 9, 10 and 13 | 8, 14 and 16 |
| h. | Trademarks and proprietary information | 6, 7, 9 and 17 | 13 and 14 |
| i. | Restrictions on products/services offered | 5, 6 and 13 | 8 and 16 |
| j. | Warranty and customer service requirements | 13 | 16 |
| k. | Territorial development and sales quotas | Not Applicable | 12 |
| l. | Ongoing product/service purchases | 13 | 8 and 11 |
| m. | Maintenance, appearance and remodeling requirements | 5, 10 and 13 | 6 and 11 |
| n. | Insurance | 15 | 6, 7 and 8 |
| o. | Advertising | 11 | 6,7 and 11 |
| p. | Indemnification | 21 | Not Applicable |
| q. | Owner's participation/ management/ staffing | 13 | 15 |
| r. | Records and reports | 12 | 11 |
| s. | Inspections and audits | 6 and 12 | 6 and 11 |
| t. | Transfer | 18 | 6 and 17 |
| u. | Renewal | 4 | 6 and 17 |
| v. | Post-termination obligations | 17 | 17 |
| w | Noncompetition covenants | 7 and 17 | 17 |
| x. | Dispute resolution | 23 | 17 |

Item 10: Financing.

We do not offer direct or indirect financing. We do not guarantee any agreement or lease.

Item 11: Franchisor's Assistance, Advertising, Computer Systems and Training.

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

Our Pre-opening Obligations.

(i) For the Real Estate and Facility Coordination Fee, we will assist you by (a) identifying a real estate broker, (b) reviewing potential locations that meet our general standards for size, layout, and other physical characteristics, (c) at our expense, send a representative to make a single visit to review potential sites, (d) reviewing your letter of intent, (e) and advising regarding School layout and configuration. Although we have a standardized process for site selection, will guide you through it, and will lead in giving our recommendations based upon the site options provided by your real estate broker, you are ultimately responsible for selecting and developing the site.

If we have not already accepted a location for the School, you shall select and submit possible sites within the Designated Area for our acceptance. The Designated Area will terminate once a site is selected and the Territory is designated, as described below. The Designated Area does not grant you any territorial exclusivity or protection and is for site selection only. (Section 2.3)

Once you propose a site, we will evaluate the site and notify you of our acceptance or rejection of the site within a reasonable time (usually 30 days). You must have our acceptance of a site within 6 months following the date of your franchise agreement. If not, we may terminate the franchise agreement. (Section 5.1). The factors we consider in accepting sites are general location and neighborhood, competition, trade area demographics, visibility, and physical characteristics of existing buildings. If you sign a Multi-Unit Development Agreement, we will accept the location of future sites and territories for those sites (after you pay the site development fee), and our then-current standards for sites and territories will apply.

You will participate in and attend all phases of the real estate process. We generally do not own or lease a site to you but reserve the right to offer this option to franchisees in the future.

We do not provide a legal review of or negotiate your lease or real property purchase agreement. We strongly recommend that you have your agreement reviewed by an attorney. We are not responsible for their recommendations or advice to you. You must obtain our acceptance of the terms of the lease or purchase agreement.

You are responsible for conforming the site to local ordinances and building codes and obtaining any required permits. (Section 13.6) You are responsible for constructing, remodeling, or decorating the site. You must use the professional services of our approved architect and construction general contractor. (Section 5.3)

(ii) For the Training & Opening Support Fee, we will provide an initial training program for certain of your personnel. This training is described in detail later in this Item. (Section 8.1)

(iii) You are responsible for all necessary equipment, signs, fixtures, opening inventory and supplies. We will provide you, in the Confidential Brand Standards Manual or other written or electronic form, with a list of approved suppliers or written specifications for required or recommended supplies, signs, furniture, fixtures, inventory, equipment and other approved or specified items and services. At the time of this Disclosure Document, the only item for which we are the designated supplier is a décor package. We reserve all rights to become a supplier of other materials in the future. You will purchase this from us prior to opening. We will cause this package to be delivered to you but you are responsible for installation. Otherwise, we do not deliver or install items. (Sections 13.1 and 13.2)

(iv) We will provide you with access to our Confidential Brand Standards Manual. (Section 9)

Other than the limited initial training program that some of your employees may attend, we do not train your employees. We do not hire your employees.

Timeline to Open. We estimate that the typical length of time between the signing of the franchise agreement and the opening of the franchise is 6-18 months. Factors that may affect your beginning operations include the ability to secure permits, seasonality for what time of year you start your new business, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures. (Section 5.4 and 5.6) We have the right to terminate the franchise agreement if you fail to open within eighteen (18) months of signing the franchise agreement. (Section 5 and Section 16)

During-operation Obligations of Franchisor.

(i) We will authorize the products and services for sale or use in your School. We will designate the curricula you must use. (Section 13.1 and 13.12)

(ii) We will provide you with modifications to the Confidential Brand Standards Manual as they are made available to franchisees. (Section 9.2) We have the right to change or modify the System and will notify you of any changes. (Section 10.2)

(iii) We will offer you advice and guidance on prices for products and services. (Section 14.1)

(iv) We will prescribe a standard chart of accounts. (Section 12.10)

(v) We will be available to render advice, discuss problems and offer general guidance to you by telephone, e-mail, newsletters and other methods with respect to general operating problems. (Section 14.1)

(vi) We (or our designee) will administer the Brand Fund. (Section 11.3)

(vii) We will provide you with access to our Confidential Brand Standards Manual. (Section 9)

(viii) We will make available to you from time to time all improvements and additions (such as new revenue opportunities, courses and curricula) to the System to the same extent and in the same manner as they are made available to Ivybrook Academy franchisees generally. (Section 10.1)

Optional Support

Although not required by the Franchise Agreement to provide you with the following, we may do so:

(i) Develop and maintain an Online Presence (defined below) for the brand or for your School individually. (Section 6.7)

(ii) Make periodic visits to the School to provide you with consultation, assistance and guidance in various aspects of the operation and management of the School. (Section 14.2) We may send a representative to provide support before your grand opening.

(iii) Make available to you such ongoing training as we think necessary and, when we do, we may require you to attend. (Section 8.5 and 8.6) You bear all indirect training costs and expenses, such as salary expenses of your employees and all expenses of travel, lodging, meals and other living expenses you and your designee incur.

(iv) Market, advertise, and promote the Ivybrook Academy brand and organize advertising cooperatives.

(v) Establish Technology requirements for the School.

(vi) In our discretion, develop new product and services offerings.

(vii) Our Confidential Brand Standards Manual may include standards or recommendations for administrative, bookkeeping, accounting, and inventory control procedures.

Many of these items of optional support are discussed in more detail below.

Brand Fund. The Brand Development Fund (which was started on July 1, 2018), is a fund in which Franchised Businesses will contribute 1% of their Gross Revenues monthly to the Brand Development Fund based on the previous month's Gross Revenues ("Brand Fund"). We may increase the amount of the contribution from time to time upon notice to you.

We have the sole discretion to determine where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the Ivybrook Academy brand, schools, and system, including, but not limited to: producing, maintaining, administering and directing consumer advertising, marketing, and public relations materials such as preparing and conducting television, radio, Internet, digital, social media, magazine, newspaper, influencer marketing, contests, listings, events and promotions, and direct mail advertising campaigns and other public relations activities; market research; developing and/or hosting an Internet and intranet web page or site and similar activities; developing, evaluating, or using technologies that we believe may benefit the brand, the customers, the franchisees, or the brand's reputation; search engine optimization; pay per click advertising; software, services, or companies to help promote the brand; travel expenses in connection with promotions and marketing meetings; hiring marketing, public relations and advertising agencies, technology companies, or in-house personnel to assist in developing the Ivybrook Academy brand name; training, development of trademarks and trademarked materials; social media activities; trade shows and other events; sponsorships and contests; development of décor, trade dress, Marks, and/or branding; engaging advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees; compensation of our employees working on Brand Fund activities; and for accounting, bookkeeping, reporting, legal and other expenses related to the Brand Fund. You will be responsible for implementing any

promotional or public relations programs or placing any advertising content we create, at your own expense. (Section 11.3)

Currently, the Brand Fund contributions are payable to us. We reserve the right to establish in the future a nonprofit corporation or other business entity to collect Brand Fund contributions from our franchisees. The Brand Fund is administered by our personnel under our direction. We are not required to provide you with a detailed accounting of or financial statements showing the expenditures of the Brand Fund. We will not use your Brand Fund contributions to defray any of our operating expenses, except for any reasonable administrative costs and overhead, including personnel costs, that we may incur in administering or directing the Brand Fund. Brand Fund monies not spent in the fiscal year in which they accrue are carried forward to cover marketing expenses in future years. Although the Brand Fund is intended to be perpetual, we may terminate it at any time. We will not terminate the Brand Fund, however, until all money in the Brand Fund has been spent for marketing or promotional purposes or returned to the contributors of the Brand Fund on the basis of their respective contributions. We may have the Brand Fund borrow from us or other lenders and will repay such loans. We may have the Brand Fund invest any surplus for the Brand Fund's future use. The Brand Fund is not audited, although we can require that it be audited. Our own outlets are not required to contribute to the fund on the same basis as franchisees. Other franchisees may contribute to the Brand Fund at a different rate than you. We will administer the fund. (Section 11.3)

Except for a portion of the Brand Fund that may be spent on website development and maintenance (a portion of which may include soliciting the sale of franchisees using the website or other Online Presence), the Brand Fund will not be used to solicit the sale of franchises.

The following chart shows the use of the Brand Fund in the prior year.

**Use of the Brand Fund in the Most Recent Fiscal Year (2024)
(percentage of total fund expenditures)**

| Use | Percentage |
|---|-------------|
| Software Solutions | 10% |
| Social Media Advertising (Production and Placement) | 55% |
| Administrative Expenses and Other | 2% |
| Graphic Design | 3% |
| Website Expenses | 30% |
| Total | 100% |

Franchisee Advisory Council. We have established a Franchisee Advisory Council, which provides advice to us on various matters, including advertising. The Franchisee Advisory Council serves in an advisory capacity only and has no operational or decision-making power. We have the right to appoint members and the power to change and dissolve the council at any time.

Advertising Cooperative. Although we are not obligated to do so, we may create a cooperative advertising program for the benefit of all Schools located in a particular region. We also have the power to change, dissolve, and merge cooperatives. We have the right to collect and designate all

or a portion of your local advertising spend for cooperative advertising. We will determine the geographic territory and market areas for each cooperative advertising program. You must participate in any cooperative advertising program established in your region. Any amounts you contribute to the cooperative will be credited towards your obligation to spend funds on local marketing. We or an advertising council of franchisees have the right to administer the cooperative. Each member of the cooperative, whether franchised or company owned, will have one vote if they are part of the council. The fees of the cooperative will be established by us or by majority vote of the council members, and each member will be required to contribute at that rate. Company-owned schools that are members of a cooperative will contribute on the same basis as the other franchisee members. Cooperatives are required to prepare annual financial statements and they will be available for you to review. Cooperatives are required to operate from written documents and they will be available for you to review. The maximum fee that can be imposed by a cooperative is 2% of Gross Revenues. The Cooperative is not a trust fund and we and our affiliates have no fiduciary duty to you or any franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of the cooperative. We have the sole discretion to exempt any Ivybrook Academy business from the requirement to participate in a cooperative. (Section 11.4)

Other Advertising Requirements and Opportunities.

You will spend a minimum of \$20,000 prior to the opening of your School on marketing. All of the expenditure will be paid to our approved supplier which will manage and implement the marketing. You may choose to spend more. (Section 11.1)

You must spend at least 1% of Gross Revenues each year on advertising, promotions and public relations within the immediate locality surrounding your School. We will provide general guidelines to you. Within 30 days after the end of each month, you must furnish to us an accurate accounting of the expenditures on local advertising for the preceding month. (Section 11.2)

You may also conduct other marketing activities so long as they are approved by us. You shall submit to us for our prior approval all advertising and promotional materials to be used in your local marketing. (Section 11.2.2)

We have the right but not the obligation to engage in additional marketing for the Ivybrook Academy schools. We may use any media we deem appropriate. This media coverage will likely be local rather than regional or national. We may use our in-house personnel or outside agencies or service providers to conduct this marketing. We are not required to spend any amount of advertising in your region or Territory.

Technology. You are required to purchase Technology in accordance with our specifications in the Confidential Brand Standards Manual. (Section 13.19). “Technology” includes computer hardware and software, mobile applications, cloud-based systems and/or software, smartphones, tablets, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modems, printers, point-of-sale systems, scheduling systems, robotics, automation, and other computer-related accessories or peripheral equipment. You may periodically be required to update or upgrade the Technology, if we believe it is necessary. We

may introduce new requirements for the Technology or modify our specifications and requirements. There are no limits on our rights to do so. Additionally, if we enter into a license agreement with a supplier and sublicense the Technology to you, we may charge you for all amounts we pay to the supplier based on your use, plus a reasonable amount to compensate us for the services that we or our affiliate provide.

We currently require you to use typical office computers plus iPads for each classroom. You must use QuickBooks for accounting and bookkeeping. The Student Hub is a required school management and payment processing software. The approximate initial cost of the computer hardware and software is \$1,000 to \$2,500. The exact number of consoles and other equipment you will purchase will likely vary depending on the student capacity and layout of your School. The data that is generated and stored on these currently required systems includes financial data, student information, scheduling information, transaction information, marketing materials, and other operational data.

We are not obligated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. You do not have to enter into any ongoing maintenance or support agreements for the maintenance of a computer system, but you may find it advantageous to do so. We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$2,000 to \$3,000. We will not be liable to you for any updates or failures to updates by the approved Technology suppliers. (Section 13.19.4)

We have the right to independently access all information on your Technology at any time without first notifying you. There are no contractual limits on our right to access this information. We will have the right at all times to independently access your Technology to retrieve, analyze, and use the information, including your financial information, regardless of whether or not you were required to purchase the Technology. (Sections 12.6 and 12.7)

We have the right to require you to use proprietary Technology. (Section 10.2) Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with suppliers.

We recommend that you back up your data locally, which may require you to purchase a “back-up” subscription service. We are not responsible under any circumstances for any malfunction or “crash” of the Technology we require, recommend, provide, or approve, including for any Franchised Business data lost as a result of that malfunction or “crash.” When buying, using, and maintaining the Technology according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Technology; (2) the manner in which your Technologies interface with our and any third party’s technology; and (3) any and all consequences if the Technology are not properly operated, maintained, and upgraded.

Manual. We will provide to you, on loan, one copy of the Ivybrook Academy Confidential Brand Standards Manual or provide you with access to an electronic copy it. The Table of Contents of the Confidential Brand Standards Manual, along with number of pages devoted to each section, is

included as Exhibit I to this Disclosure Document. (Section 9.1) The Confidential Brand Standards Manual contain mandatory and suggested specifications, standards, and procedures. They are confidential and remain our property. Your employees are to see them only on a need-to-know basis, subject to confidentiality agreements. We may modify this material from time to time and its modified terms are binding on you. Revisions to the Confidential Brand Standards Manual will be based on what we, in our sole discretion, deem is in the best interests of the System, including promoting quality, enhancing good will, increasing efficiency, decreasing administrative burdens, or improving our and our franchisees' profitability.

Our Training Program. The initial pre-opening training program for an owner representative, the School Administrator, and up to two administrators and will be approximately 80 hours, virtually and at our affiliates' School. We call this Ivybrook University and it must be completed prior to your opening for business. We will train up to 3 people. The training program covers the following information.

TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of on the Job Training | Location |
|--|-----------------------------|------------------------------|--|
| Phase 1: Business Startup and Real Estate | 12 | - | Online learning portal and in-person at our Charlotte location |
| Phase 2: Marketing; Enrollment; Operations | 24 | - | Online learning portal and in-person at our Charlotte location |
| Phase 3: Ivybrook University; School Setup | 44 | - | Online learning portal and in-person at our Charlotte location |
| TOTAL | 80 | 0 | |

The curriculum and other trainings will be conducted approximately 2 months before the opening of the School and will be held at our school in Charlotte, North Carolina or via the online learning portal. (Section 8.1) Prior to opening, an owner and another person, either a staff representative or your School Administrator, must complete two weeks of in-person training at a School that is approved to be a training facility.

We will schedule initial training programs in accordance with the needs of new franchisees. We anticipate holding training programs once per quarter in 2024. The training materials include the online materials, presentations, the Confidential Brand Standards Manual and related written materials. The training program is led by Daniela McElhaney and Katherine Bell. Each has over 15 years of experience with the Ivybrook Academy brand and over 20 years of experience in the child education industry.

You will pay us the Training and Opening Support Fee of \$15,000 which includes the cost of the initial training program. Additionally, you must pay for all travel costs and living expenses for any attendees. (Section 8.1)

At least one owner and your School Administrator must satisfactorily complete the initial training program before we will approve an opening date for the School. (Section 8.1)

Periodically, your Chief Executive Officer or School Administrator or other of your employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. (Section 8.6)

Additionally, we may provide on-site assistance at your location prior to your grand opening. We generally come the full week before your grand opening, but reserve the right to change the number of days we come, if at all.

Online Presence. We may maintain a website in order to promote the Marks, or any or all of the Schools within the System. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each an “Online Presence”) as we see fit. An Online Presence includes but is not limited to (1) the website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites and groups; online, internet, or digital directories; video, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; (7) identifiers of an Online Presence; or (8) a presence on any other type of online, internet, or digital tool, good, or service that may be developed. We will have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We will also have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, e-commerce site, or email address) that in any way concerns, discusses or alludes to us, the System or your School without our written consent. The Marks may not be used as part of, in conjunction with, to establish, or to operate any Online Presence, except as specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post any information on an Online Presence that relating to us, the System, the Marks, or the School that (a) does not comply with our brand, social media, or Online Presence guidelines described in the Manuals, (b) is derogatory, disparaging, or critical of us, the System, or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. (Section 6.7)

Item 12: Territory.

The School must be operated at a location we accept. We allow the reasonable relocation of the School to a location that meets our then-current criteria. You must obtain our approval to relocate.

If we have not already accepted a location for the School, you shall select and submit possible sites within a search area we designate (“Designated Area”) for our acceptance. The Designated Area will terminate once a site is selected and the Territory is designated, as described below. The Designated Area does not grant you any territorial exclusivity or protection and is for site selection only.

Your franchise agreement will specify a territory (“Territory”), which will be determined by us. Your Territory will be comprised of the lesser of a population of 125,000 people or a three- mile

radius around your location. We reserve the right to grant you a Territory with a smaller or greater population, as mutually agreed upon by you and us. Your Territory may be designated by a radius around your location or by other geographic boundaries such as towns, cities, counties or other political boundaries, streets, geographical features, or trade areas.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement (“MUDA”) in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right establish a mutually agreed upon number of additional outlets. Under the MUDA, your right to develop additional outlets is subject to the following requirements: (a) you must comply with the mutually agreed upon development schedule, (b) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Ivybrook Academy business, (c) you must be in compliance with all brand requirements at your open Ivybrook Academy business(es), and (d) you must not be in default under any agreement with us. We will accept the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. Other than by signing a MUDA, you do not receive any options, rights of first refusal, or similar rights to acquire additional franchises. The MUDA does not grant you any additional territory protections.

You will receive an exclusive Territory. Your Territory is protected only to the extent that we will not establish or operate, or license any other person to establish or operate, an Ivybrook Academy School under the System and the Marks at any location within your Territory. There are no other restrictions on our ability to solicit customers in your Territory. So long as you are not in default of the franchise agreement, we cannot modify your territorial rights during the term of the franchise agreement, but we can modify your Territory upon renewal. Your rights to the Territory granted under the franchise agreement are not contingent upon achieving a certain sales volume, market penetration, nor any other contingency.

You have no right to sell your products or goods by mail order catalog sales, computer, telemarketing, mobile application, and/or internet marketing or by any other fashion other than sales to patrons at your specific business location or at approved off-site events. You may not solicit, advertise, or market outside your Territory, unless we grant you prior written permission to do so. We retain the right to control all online sales. You may accept any students who select your School.

Regardless of either proximity to your Territory or your School, or any actual or threatened impact on sales of your School, we retain the right all rights not expressly granted to you, including, among others, to: (a) use the Marks and System in connection with establishing and operating Ivybrook Academy businesses at any location outside the Territory; (b) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise or product) or services anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than a brick and mortar Ivybrook Academy School; provided, however, that we will not sell Ivybrook Academy School courses or curriculum through the Internet; (c) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory); and (d) use the

Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory).

If we decide to exercise these rights, we will not be obligated to compensate you for such sales made inside or outside your Territory. We have the right, but currently no plan, to operate or franchise a business under a different trademark that sells goods and services similar to those you will offer.

Item 13: Trademarks.

We license our principal trademark “Ivybrook” (standard character mark) and “Ivybrook Academy” (design mark) to you for use associated with the Franchised Business. We may also develop and license other Marks used to operate the Franchised Business. By “Mark,” we mean any trade name, trademark, service mark or logo used to identify your business. You may not use any marks that we have not designated to identify your business.

Our affiliate, McWilliams Properties, LLC (“McWilliams Properties”) owns the principal trademarks. Details about the marks, which are registered on the Principal Register, are below:

| Mark | Registration Number | Registration Date |
|--|----------------------------|--------------------------|
|  | 4807315 | September 8, 2015 |
| IVYBROOK | 4283406 | January 29, 2013 |

Our affiliate has filed all required affidavits. One of these marks has been renewed and our affiliate intends to renew the other. We know of no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings. We know of no pending material federal or state court litigation regarding our use or our affiliate’s ownership rights in any of the Marks.

McWilliams Properties, our affiliate, owns the Marks described in this Item and licenses the right to us to use these trademarks and to sublicense the trademarks to franchisees throughout the United States under an exclusive license agreement. The agreement is for an initial term of 20 years and renews automatically for successive 20-year periods. There are no circumstances other than mutual agreement of the parties in which the agreement may be modified. The agreement may be canceled by our affiliate only if we discontinue commercial use of the trademarks for a continuous period of more than one year. If the license agreement is terminated, the sublicenses with our franchisees will remain until the termination, nonrenewal, or expiration of their franchise agreements or renewal agreements. Additionally, all franchise agreements shall automatically be assigned to McWilliams Properties. There are no other agreements currently in effect that significantly limit our rights to use or license the use to franchisees of the trademarks in any manner material to you.

We are not required to protect your right to use the Marks or to protect you or become involved in your defense against claims of infringement or unfair competition arising out of your use of the

Marks. You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us, our affiliate, and our or our affiliate's counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. Neither we nor our affiliate are required to take affirmative action when notified of these uses or claims but will take the action we think appropriate. Either we or our affiliate has the option to control the defense and settlement of any proceeding related to your use of the Marks. We will reimburse you for damages assessed against you in any legal proceeding disputing your authorized use of any Mark, but only if you have complied with the requirements of the franchise agreement, including notifying us of the proceeding in a timely manner and complying with our directions with regard to the proceeding. Our indemnification obligations do not extend to costs you incur in seeking independent counsel, participating in litigation between you and us, discontinuing your use of the Marks. Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

We know of no infringing or prior superior uses that could materially affect the use of the Marks. Prior to entering into the franchise agreement, you should check and be sure that there are no existing uses of our marks or names or any marks or names confusingly similar to any of them within the market area where you want to do business. If you find any similar names or marks, you must immediately notify us. Any action to be taken in that event is strictly within our discretion.

Your right to use the Marks is derived solely from franchise agreements entered into between you and us for the purpose of operating an Ivybrook Academy School. You must follow our rules and regulations with respect to the use of the Marks. You cannot use any of the Marks or any other marks, names, or indicia of origin that are or may be confusingly similar to the Marks as part of a corporate name or other legal name. You may not use any Mark in connection with any business or activity, other than the business conducted by you according to franchise agreements entered into between you and us, or in any other manner not explicitly authorized in writing by us. All usage of the Marks by you and any goodwill established from this usage is to the exclusive benefit of our affiliate. After the termination, nonrenewal, or expiration of the franchise agreement, you may not, except with respect to businesses operated by you according to franchise agreements granted by us, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, us or use in any manner or for any purpose any Mark or other distinguishing signs of our School or any colorable imitation of same.

We reserve the right to substitute different trademarks for use in identifying the System and the business operating under it if we, in our sole discretion, determine that substitution of different marks as Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with such changes.

Item 14: Patents, Copyrights and Proprietary Information.

We do not own the rights in, or licenses to any patents or patent applications that are material to the franchise. We own a copyright in the Confidential Brand Standards Manual, Curriculum, our

website, our marketing materials and other copyrightable items that are part of the System. We have registered our Curriculum copyrights with the United States Copyright Office. The table below identifies our registered copyrights. The Curriculum will be used as part of your Franchised Business.

| Title of Work | Registration Number | Effective Date of Registration |
|---|----------------------------|---------------------------------------|
| Ivybrook Academy Project Based Approach | TXu 2-125-648 | November 29, 2018 |
| Ivybrook Academy Music and Movement Curriculum | TXu 2-125-707 | November 29, 2018 |
| Ivybrook Academy Reading and Writing Labs | TXu 2-125-708 | November 29, 2018 |
| Ivybrook Academy Creative Expression Curriculum | TXu 2-125-710 | November 29, 2018 |
| Ivybrook Academy Reading Curriculum | TXu 2-125-715 | November 29, 2018 |
| Ivybrook Academy Literacy Connection Curriculum | TXu 2-125-722 | November 29, 2018 |
| Ivybrook Academy Mathematics Curriculum | TXu 2-125-723 | November 29, 2018 |

The duration of these copyrights is 95 years from the date of publication, or approximately the year 2102. Our affiliate does not intend to renew the copyrights. There are no current material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding any patent or copyright listed in this document. There are no material proceedings pending in either the United States Patent and Trademark Office or any court. Our rights to use and license you to use the copyrighted items are not materially limited by any agreement. We are not obligated to protect the copyright or to defend you against claims arising from your use of the copyrighted items. We know of no patent or copyright infringement that could materially affect your Franchised Business.

Additionally, we have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating an Ivybrook Academy School. You must use the confidential information only in the manner we require and in no other manner. You may not disclose to any person, or use any of that information for any purposes, except disclosure to a person who has signed and delivered to us a confidentiality agreement and use as necessary in connection with the operation of your Ivybrook Academy School. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets.

If you or your owners, officers, School Administrator, Chief Executive Officer, managers, or employees conceive, invent, create, design and/or develop any ideas, curriculum, techniques, software, methods, processes or procedures, formulas, products, or other concepts and features relating to business operations, business practices or the manufacturing, production, marketing or

sale of educational classes and related merchandise in connection with the School (“Innovations”), you (or they) will be deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your officers, School Administrator, administrators, and employees also must cooperate with us in connection with protecting the Innovations.

You will not have the exclusive right to use the Innovations or any of our patents or patent applications, copyrights, or confidential information, nor will you acquire, by use or otherwise, any right, title or interest in or to them, other than as expressly contained in, and limited by, the franchise agreement. Your right to use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the confidential information is limited and temporary. Upon expiration, nonrenewal, or termination of the franchise agreement, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the confidential information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the confidential information. We will decide, in our sole discretion, whether to institute any action in connection with infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the confidential information, and will control any proceedings and litigation. We are not required to protect your right to use the Innovations, the patents or patent applications, the copyrights or the confidential information. We are not obligated to indemnify or defend your use of any patent, patent application, copyright, or confidential information.

We may, in our sole discretion, modify or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the confidential information and/or use other information and/or rights in their place. If we decide to do so, you must do so also, at your expense.

During the term of the franchise agreement, you must maintain, to the extent collected, a current list of the names, home addresses, enrollment history, e-mail addresses and telephone numbers of the customers who supply you this information (“Customer List”). You must provide the Customer List to us upon request. The Customer List will be our property at all times, and you must not disclose the Customer List to any person or entity other than us, or sell the Customer List (or any portion of it) to any person or entity without our express written consent.

You and each owner, officer, manager, and School Administrator will be bound by certain provisions protecting our proprietary rights. All persons to whom you grant access to the Confidential Brand Standards Manual or any other confidential information and any person who attends any training program we conduct must sign our form of confidentiality agreement. If you are a partnership, limited liability company or corporation, all of your owners, officers, or directors and any of these individuals’ spouses are bound by the confidentiality provisions in the franchise agreement.

Item 15: Obligation to Participate in the Actual Operation of the Franchised Business.

At least one franchise owner is obligated to directly and personally participate in the operation of the School. You must designate one of your owners to be the Chief Executive Officer who is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Chief Executive Officer must complete any post-opening training programs that we develop in the future. The Chief Executive Officer must have at least 10% ownership interest in the franchisee. The Chief Executive Officer is required to be at the premises and personally participating in operations for at least 20 hours per week during the first year of operations, excluding vacation, sick leave, and similar absences.

You must also appoint a School Administrator to provide personal on-premises supervision of the School. The School Administrator and the Chief Executive Officer may be the same person. If you are an individual, we may require that you serve as the School Administrator. The School Administrator must successfully complete our training program. If you are an entity, we do not require that your School Administrator have any ownership interest in the School. The School Administrator is required to provide on-premises operational supervision at least 40 hours per week, excluding vacation, sick leave, and similar absences. The state where you operate may have requirements for the School Administrator, such as passing a background check, certifications, or licensure. You must comply with these requirements.

Your appointed Chief Executive Officer and School Administrator(s) will be required to sign nondisclosure, non-solicit, and noncompetition agreements in a form the same as or similar to the forms of agreements attached to the franchise agreement as Exhibit H.

The people you retain to work in your Franchised Business will be your agents and employees. They are not our agents or employees and we are not a joint employer of such persons. You will be solely responsible for recruiting and hiring the persons you employ to operate the Franchised Business and must determine whom to hire, how many people to hire, retain, and train, and how you will compensate such persons. You are responsible for your employees' and agents' training, wages, taxes, benefits, safety, schedules, work condition, assignments, discipline, and termination. You must comply with all applicable employment laws. We will not operate your Franchised Business, direct your employees, or oversee your employment policies or practices.

Item 16: Restrictions on What the Franchisee May Sell.

You are only permitted to offer the services and products authorized by us and you must discontinue offering any services or products that we may disapprove. You are obligated to sell all of the products or services authorized by us. We may periodically change required or authorized services or products. There are no limits on our right to do so. We reserve the right to establish prices of Ivybrook Academy products and services.

We do not restrict your access to students, except that marketing must be conducted within your Territory. You are permitted to accept any student regardless of where the student's home is located. You may operate the Franchised Business solely as a brick-and-mortar school, and you agree not to sell any products or services through telemarketing, computer marketing, internet sales, mobile applications, mail order catalogs, delivery trucks, or any other such system or use our customer data or the facilities of the Franchised Business to do so.

You will be obligated to offer and sell those new products, services, and classes and to participate in all local, regional and promotional program initiatives and campaigns adopted by us in which we require you to participate. There is no limit on the number of promotions you may be required to offer during a year or on the amount you would be required to spend. You will not receive any credits or offsets for campaign participation. We have the right to designate which of our franchisees may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may, from time to time, develop. If we designate you for participation in any such program, initiative or campaign, you must participate when and as required by us. There are no limits on rights to require you to offer and sell those new products or to participate in those programs, initiatives, and campaigns.

Item 17: Renewal, Termination, Transfer and Dispute Resolution.

THE FRANCHISE RELATIONSHIP

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

| Provision | Section in Franchise Agreement (“FA”) or Multi-Unit Development Agreement (“MUDA”) | Summary |
|---|---|---|
| a. Length of franchise term | FA: 4.1 MUDA: None | The term is 15 years. |
| b. Renewal or extension of the term | FA: 4.2 MUDA: None | You may renew for two (2) additional terms of 10 years each. |
| c. Requirements for franchisee to renew or extend | FA: 4.2 MUDA: None | For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 10-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. You may sign a successor franchise agreement if you: have fully complied with the material provisions of the franchise agreement; pay renewal fee; have the right to maintain possession of the Accepted Location or an accepted substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the franchise agreement or any other agreement with us; have given timely written notice of |

| Provision | Section in Franchise Agreement (“FA”) or Multi-Unit Development Agreement (“MUDA”) | Summary |
|--|--|--|
| | | your intent to renew; sign a current franchise agreement; comply with current training requirements; and sign a general release of our liability. |
| d. Termination by franchisee | FA: 16.1 MUDA: None. | Subject to state law, you may terminate the franchise agreement upon 30 days notice if you are in compliance with it, we materially breach it, and we fail to begin to cure our breach within 90 days of receiving your written notice. |
| e. Termination by franchisor without cause | None | We cannot terminate without cause. |
| f. Termination by franchisor with cause | FA: 16.2 MUDA: 5 | See g and h below. |
| g. “Cause” defined-curable defaults | FA: 16.2.2 MUDA: None | Failure to maintain insurance; failure to make payments due to us; failure to comply with any mandatory specification, standard or operating procedure prescribed in the Confidential Brand Standards Manual or otherwise prescribed in writing; or any other default not explicitly stated in the franchise agreement. |
| h. “Cause” defined-noncurable defaults | FA: 16.2.1 MUDA: 5 | We have the right to terminate the franchise agreement without giving you an opportunity to cure if you: fail to timely select an accepted site for or establish, equip and begin operations of the Franchised Business; fail to have your one of your owners and School Administrator satisfactorily complete training; made a material misrepresentation or omission in the application for the franchise; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the Franchised Business; are convicted of or plead no contest to a felony or other crime or offense or engage in other conduct likely to affect the reputation of either party or the Franchised Business; use the Confidential |

| Provision | Section in Franchise Agreement (“FA”) or Multi-Unit Development Agreement (“MUDA”) | Summary |
|-----------|--|--|
| | | <p>Brand Standards Manual, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives, and other individuals having access to trade secrets or other confidential information sign nondisclosure and noncompetition agreements or, if requested, fail to provide us with copies of all such agreements; abandon the Franchised Business for three or more consecutive days; surrender or transfer control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of an authorized person following death or disability; submit reports on 2 or more separate occasions understating any amounts due by more than 1%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate; violate on 2 or more occasions any health, safety or other laws or operate the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; breach the franchise agreement or fails to comply with specifications on 2 or more occasions within any 12 months; default under any other agreement with us (or an affiliate) so that they have the right to terminate such agreement; violate duty to notify us of a potential crisis situation; violate noncompete or non-solicit provisions; commence operations without completing all steps;</p> |

| Provision | Section in Franchise Agreement (“FA”) or Multi-Unit Development Agreement (“MUDA”) | Summary |
|---|--|--|
| | | <p>operate using unapproved trademarks; or fail to meet our minimum score requirements for customer evaluations or compliance; lose or are denied any required license; receive any governmental non-compliance letters or citations; fail to cure defaults; default in a manner which cannot be cured.</p> <p>MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.</p> |
| i. Franchisee’s obligations on termination/nonrenewal | FA: 17.1 MUDA: None | <p>If the franchise agreement is terminated or not renewed, you must: stop operating the Franchised Business; stop using any trade secrets, confidential information, the System and the Marks; if requested, assign your interest in the franchise location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the franchise agreement; return the Confidential Brand Standards Manual, trade secrets and all other confidential information; turn over customer information if requested by us, assign your telephone number to us; comply with the covenants not to compete, confidentiality covenants, and non-solicitation covenants and any other surviving provisions of the franchise agreement; follow our instructions related to the technology, customer list and data; de-identify the Accepted Location, if applicable; issue refunds to customers upon our direction; as applicable, give us the right to lease the location from you; as applicable, pay liquidated damages.</p> |
| j. Assignment of contract by franchisor | FA: 18.1 MUDA: 8 | Unlimited |
| k. “Transfer” by franchisee-definition | FA: 18.2 MUDA: Background Statement | “Transfer” means to sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in the |

| Provision | Section in Franchise Agreement (“FA”) or Multi-Unit Development Agreement (“MUDA”) | Summary |
|---|--|--|
| | | franchise agreement, the franchise, the Accepted Location used in operating the school, its assets, or any part or all of the ownership interest in the franchisee entity. |
| l. Franchisor’s approval of transfer by franchisee | FA: 18.2 MUDA: 8 | You may not transfer your interest without our prior written consent. |
| m. Conditions for franchisor approval of transfer | FA: 18.2 MUDA: 8 | We will consent to a transfer if: we have not exercised its right of first refusal; all obligations owed to us and our affiliates are paid; you have signed our form of general release; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current franchise agreement; you provide a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee and the transferee pays the transfer training fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the franchise agreement; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed our restrictive covenant agreements; the transferee has agreed that one of its owners and its School Administrator will complete the initial training program before assuming management of the Franchised Business; and the transferee has obtained all necessary types of insurance. |
| n. Franchisor’s right of first refusal to acquire franchisee’s business | FA: 19 MUDA: None | We may match an offer for the Franchised Business or an ownership interest Franchisee proposes to sell. |

| Provision | Section in Franchise Agreement (“FA”) or Multi-Unit Development Agreement (“MUDA”) | Summary |
|--|--|--|
| o. Franchisor’s option to purchase franchisee’s franchised business | FA: 17.2 MUDA: None | Except as described in (n) above, we do not have the right to purchase the Franchised Business; however, during the 60-day period after the termination, nonrenewal, or expiration of the franchise agreement, we have the right to purchase any assets of the Franchised Business for fair market value. |
| p. Death or disability of franchisee | FA: 18.6 MUDA: None | Following the death or incapacity of an owner of the Franchised Business or the death or incapacity of any holder of a legal or beneficial interest in the Franchised Business, you or your representative must transfer, subject to the terms of the franchise agreement, the individual’s interest in the Franchised Business within 180 days of death or incapacity to an approved transferee. |
| q. Noncompetition covenants during the term of the franchise | FA: 7.3 MUDA: None | All owners of the franchise (and their spouses or domestic partners)) and certain designated others are prohibited from: attempting to divert any business or customer or supplier of the Franchised Business to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business. Noncompetition covenants are subject to applicable state law. |
| r. Noncompetition covenants after the franchise is terminated or expires | FA: 17.3 MUDA: None | For 2 years after the termination, nonrenewal, or expiration of the franchise agreement, all owners of the franchise (and their spouses or domestic partners) and certain designated others are prohibited from: owning or working for a competitive business operating within 10 miles of the franchise location or within the Territory (whichever is greater), or within 10 miles of any other Franchised Business; or soliciting or influencing any of our customers or suppliers to terminate their relationship with us or engage with a competitive business. Noncompetition covenants are subject to applicable state law. |

| Provision | Section in Franchise Agreement (“FA”) or Multi-Unit Development Agreement (“MUDA”) | Summary |
|---|--|---|
| s. Modification of the agreement | FA: 22.6 MUDA: 8 | The franchise agreement (or MUDA) can be modified only by written agreement between you and us. |
| t. Integration/merger clause | FA: 22.6 MUDA: 8 | Subject to state law, only the terms of the franchise agreement (or MUDA) are binding. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in this franchise disclosure document. |
| u. Dispute resolution by arbitration or mediation | FA: 23.6 and 23.7 MUDA: 8 | Except for certain claims, all disputes must be first mediated and then arbitrated in the city of our principal place of business (currently, Charlotte, North Carolina). |
| v. Choice of forum | FA: 23.2 MUDA: 8 | Subject to state law, any litigation must be pursued in courts located in the city of our principal place of business (currently, Charlotte, North Carolina). However, subject to state law, most claims are required to be arbitrated in the city of our principal place of business (currently, Charlotte, North Carolina). |
| w. Choice of law | FA: 23.1 MUDA: 8 | Subject to state law, North Carolina law applies. |

For additional disclosures required by certain states, refer to Exhibit B – Multi-State Addenda to the franchise agreement and disclosure document.

Item 18: Public Figures.

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

Item 19: Financial Performance Representation.

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its 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.

The information below represents the historical financial performance of the Ivybrook Academy schools that have been operating for at least one year. 40 total schools were in operation as of

December 31, 2024. We have excluded schools that were not open at least two full years as of December 31, 2024, that were not in compliance with brand standards, or that ceased operations in 2024. The franchisee-owned schools opened between 2011 and 2022. The affiliate-owned and operated school opened in 2007. The affiliate-owned and operated school included in this financial performance representation is substantially similar to the Ivybrook Academy schools for which we are offering franchises in this disclosure document. The Ivybrook Academy schools disclosed here have enrollments that range between 180 to 250 students.

TABLE 1: REVENUE STREAMS

The following table presents the low and high ranges for the revenue streams available for the 24 franchisee-owned schools included in Table 2B and one affiliate-owned school in 2024 included in Table 2A: tuition, registration fees, summer camp weekly fees, and summer camp registration fees. Table 1 was compiled from a report from these schools. Each franchisee is free to set its own tuition prices.

| 2024 Revenue Stream Ranges | | |
|---------------------------------------|-------------------------|--------------------------|
| Tuition | | |
| Number of Days Child Attends a Week | Low End Monthly Payment | High End Monthly Payment |
| 1 Day | \$250 | \$365 |
| 2 Days | \$335 | \$510 |
| 3 Days | \$435 | \$675 |
| 4 Days | \$500 | \$770 |
| 5 Days | \$575 | \$890 |
| Academic Year Registration Fee | Low End Payment | High End Payment |
| One Time Yearly Fee | \$150 | \$250 |
| Summer Camp | Low End Weekly Fee | High End Weekly Fee |
| Weekly Fee | \$185 | \$235 |
| Summer Camp Registration Fee | Low End Payment | High End Payment |
| One Time Yearly Fee | \$50 | \$75 |

TABLE 2A: EBITDA OF THE AFFILIATE OWNED SCHOOL

The following Table 2A presents the Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”) of the single affiliate-owned and operated school for the period of January 1, 2024 to December 31, 2024. This school has seven classrooms. The affiliate-owned school does not pay the Royalty and Brand Fund Contribution. The numbers provided in Table 2A for the Royalty and Brand Fund Contributions for the affiliate-owned school are what a franchisee would have paid if it had achieved the Total Gross Revenue that our affiliate achieved. Under the franchise agreement, the Royalty Fee is 7% of Gross Revenue and the Brand Fund Contribution is

1% of Gross Revenue. The number of franchisees (from the 24 franchisees included in Table 2B) who achieved or surpassed the affiliate's (i) Gross Revenues is 0 and (ii) EBITDA is 2.

| | |
|--|--------------------|
| Income | |
| Gross Revenues ³ | \$1,487,947 |
| Expenses | |
| Advertising and Promotion | \$6,494 |
| Computer/Technology Expenses | \$10,836 |
| Insurance Expense | \$13,010 |
| Janitor, Consumables & Office Supplies | \$23,499 |
| Labor Expenses ⁴ | \$601,069 |
| Professional Services | \$11,050 |
| Rent | \$192,000 |
| Common Area Maintenance | \$3,972 |
| Maintenance & Landscaping | \$21,584 |
| Student books, Supplies, and Snacks | \$20,349 |
| Utilities | \$20,026 |
| Royalty Fee | \$89,277 |
| Brand Fund Contributions | \$14,879 |
| Other Expenses ⁵ | \$2,500 |
| Licensing, Dues and Subscriptions | \$1,016 |
| Total Expense | \$1,031,561 |
| EBITDA ⁶ | \$456,386 |

[Remainder of Page is Intentionally Blank]

TABLE 2B: EBITDA OF FRANCHISEES OPEN TWO OR MORE YEARS (OPENED BEFORE JAN. 1, 2023)
TABLE 2C: EBITDA OF FRANCHISEES OPEN THREE OR MORE YEARS (OPENED BEFORE JAN 1, 2022)

Tables 2B and 2C discloses the average, median, and high and low EBITDA of the certain franchisee owned and operated schools for the period of January 1, 2024 to December 31, 2024.

Table 2B (labeled “2 Years +”) includes the data from 24 franchisee-owned schools that have been open two or more years and at least since January 1, 2023. The number of franchisees open 2 Years + included in this disclosure who achieved or surpassed the (i) average Gross Revenues is 11, (ii) median Gross Revenues is 13, (iii) average EBITDA is 11, and (iv) median EBITDA is 12.

Table 2C (labeled “3 Years +”) includes the data from 18 franchisee-owned schools that have been open three or more years and at least since January 1, 2022. The number of franchisees open 3 Years + included in this disclosure who achieved or surpassed the (i) average Gross Revenues is 8, (ii) median Gross Revenues is 9, (iii) average EBITDA is 7, and (iv) median EBITDA is 9.

| | Table 2B (2 Years +) | | | | Table 2C (3 Years +) | | |
|--|---|---------------------------|--|--|------------------------------|---------------------------|-----------------------------|
| | 2 Years + Franchisee Average ¹ | Percent of Gross Revenues | 2 Years + Franchisee Median ² | | 3 Years + Franchisee Average | Percent of Gross Revenues | 3 Years + Franchisee Median |
| Income | | | | | | | |
| Gross Revenues ³ | \$858,259 | 100% | \$838,581 | | \$967,875 | 100% | \$886,446 |
| Expenses | | | | | | | |
| Advertising and Promotion | \$16,922 | 2% | \$20,667 | | \$17,860 | 2% | \$20,667 |
| Computer/Technology Expenses | \$3,227 | <1% | \$2,053 | | \$3,832 | <1% | \$2,870 |
| Insurance Expense | \$13,004 | 2% | \$10,918 | | \$14,004 | 1% | \$11,318 |
| Janitor, Consumables & Office Supplies | \$19,511 | 2% | \$19,460 | | \$21,145 | 2% | \$19,460 |
| Labor Expenses ⁴ | \$353,533 | 41% | \$360,132 | | \$389,175 | 40% | \$373,244 |
| Professional Services | \$4,816 | 1% | \$3,873 | | \$5,237 | 1% | \$4,056 |
| Rent | \$174,686 | 20% | \$184,179 | | \$174,817 | 18% | \$177,118 |

| | Table 2B (2 Years +) | | | | Table 2C (3 Years +) | | |
|-------------------------------------|---|---------------------------|--|--|------------------------------|---------------------------|-----------------------------|
| | 2 Years + Franchisee Average ¹ | Percent of Gross Revenues | 2 Years + Franchisee Median ² | | 3 Years + Franchisee Average | Percent of Gross Revenues | 3 Years + Franchisee Median |
| Common Area Maintenance | \$9,869 | 1% | \$2,583 | | \$10,469 | 1% | \$3,849 |
| Maintenance & Landscaping | \$7,384 | 1% | \$4,986 | | \$9,469 | 1% | \$7,157 |
| Student books, Supplies, and Snacks | \$21,035 | 2% | \$20,748 | | \$24,304 | 3% | \$26,695 |
| Utilities | \$14,730 | 2% | \$15,390 | | \$16,420 | 2% | \$17,597 |
| Royalty Fee | \$46,730 | 6% | \$47,396 | | \$52,608 | 6% | \$52,099 |
| Brand Fund Contributions | \$7,852 | 1% | \$7,231 | | \$8,706 | 1% | \$9,091 |
| Other Expenses ⁵ | \$3,314 | <1% | \$1,145 | | \$3,781 | <1% | \$468 |
| Licensing, Dues and Subscriptions | \$2,062 | <1% | \$985 | | \$2,510 | <1% | \$992 |
| Total Expense | \$698,857 | | \$680,098 | | \$754,338 | | \$746,467 |
| EBITDA ⁶ | \$159,401 | 19% | \$152,479 | | \$213,536 | 22% | \$181,514 |

TABLE 3: GROSS REVENUES BY CLASSROOM COUNT

Table 3 discloses the average and median Gross Revenues from January 1, 2024 to December 31, 2024 of the 19 franchisee-owned schools who have been operating 3 Years +, categorizing the franchisees by the number of classrooms in their school.

| Number of Classrooms | Franchisees Per Category | Average Gross Revenues | Median Gross Revenues |
|-----------------------------|---------------------------------|-------------------------------|------------------------------|
| 5 Classrooms | 4 | \$845,440 | \$876,696 |
| 6 Classrooms | 13 | \$1,074,164 | \$866,446 |
| 7 Classrooms | 2 | \$1,318,980 | \$1,318,980 |

Our affiliate’s school is a seven-classroom school and its results are disclosed in Table 2A.

NOTES FOR TABLES 2A-C AND TABLE 3

Note 1. “Average” means the sum of all data points in the set, divided by the number of data points in that set.

Note 2. “Median” means the data point that is in the center of all data points in a set.

Note 3. “Gross Revenues” means all the revenue received (including tuition for services, grant revenue, and product sales), less any sales and equivalent taxes.

Note 4. “Labor Expenses” includes all staff and payroll expenses but does not include owners’ salaries and benefits.

Note 5. “Other Expenses” includes miscellaneous expenses such as inspections, security, licenses, décor, gifts, and company events.

Note 6. “EBITDA” is equal to Gross Revenue minus Total Expenses but does not include deductions for interest, taxes, depreciation, and amortization.

The tables above are historic financial performance representations, and not projections of future financial performance. Written substantiation for the financial performance representations contained in this Item will be made available to prospective franchisees upon reasonable request.

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

Except as described above, 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 Drew and Jennifer McWilliams, 9801 Suzanne Court, Weddington, NC 28173, 877-550-1234, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchise Information.

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

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|----------------------|-------------|---|---------------------------------------|-------------------|
| Franchised | 2022 | 17 | 26 | +9 |
| | 2023 | 26 | 33 | +7 |
| | 2024 | 33 | 40 | +7 |
| Company-Owned* | 2022 | 1 | 1 | 0 |
| | 2023 | 1 | 1 | 0 |
| | 2024 | 1 | 1 | 0 |
| Total Outlets | 2022 | 18 | 27 | +9 |
| | 2023 | 27 | 34 | +7 |
| | 2024 | 34 | 41 | +7 |

* “Company-Owned” outlet described above is owned by our affiliate, McWilliams Education Service, LLC.

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

| State | Year | Number of Transfers |
|--------------|-------------|----------------------------|
| Total | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |

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

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|--------------|-------------|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|--|-----------------------------------|
| AR | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| CO | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| FL | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| GA | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| KY | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| NE | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| NC | 2022 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | 2023 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| | 2024 | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| OH | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| PA | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| SC | 2022 | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| | 2023 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| TN | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| TX | 2022 | 1 | 3 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 3 | 0 | 0 | 0 | 1 | 6 |
| | 2024 | 6 | 0 | 0 | 0 | 0 | 1 | 5 |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| VA | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2022 | 17 | 9 | 0 | 0 | 0 | 0 | 26 |
| | 2023 | 26 | 8 | 0 | 0 | 0 | 1 | 33 |
| | 2024 | 33 | 8 | 0 | 0 | 0 | 1 | 40 |

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

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of the Year |
|----------------|------|--------------------------|----------------|-------------------------------------|----------------|-----------------------------|----------------------------|
| North Carolina | 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 |

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

| State | Franchise Agreements Signed But Outlet Not Yet Opened | Projected New Franchised Outlet In The Next Fiscal Year | Projected New Company-Owned Outlet in the Next Fiscal Year |
|-----------|---|---|--|
| Arkansas | 1 | 0 | 0 |
| Arizona | 1 | 1 | 0 |
| Colorado | 2 | 1 | 0 |
| Florida | 5 | 2 | 0 |
| Georgia | 2 | 1 | 0 |
| Illinois | 1 | 0 | 0 |
| Louisiana | 1 | 0 | 0 |
| Michigan | 1 | 1 | 0 |
| Minnesota | 1 | 1 | 0 |
| Nebraska | 1 | 0 | 0 |

| State | Franchise Agreements Signed But Outlet Not Yet Opened | Projected New Franchised Outlet In The Next Fiscal Year | Projected New Company-Owned Outlet in the Next Fiscal Year |
|----------------|---|---|--|
| New Hampshire | 1 | 1 | 0 |
| New Jersey | 1 | 0 | 0 |
| North Carolina | 3 | 1 | 0 |
| Ohio | 1 | 0 | 0 |
| Oregon | 2 | 1 | 0 |
| Pennsylvania | 4 | 2 | 0 |
| South Carolina | 1 | 0 | 0 |
| Tennessee | 1 | 0 | 0 |
| Texas | 8 | 2 | 0 |
| Utah | 1 | 1 | 0 |
| Virginia | 3 | 1 | 0 |
| Total | 42 | 16 | 0 |

Exhibit K contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets. It also contains the name, city, state, and telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise ceased to do business during the most recently completed fiscal year or of each franchisee who has not communicated with us within 10 weeks of the issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the IVYBROOK ACADEMY franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. There are no trademark-specific franchisee organizations associated with the franchise system being offered.

Item 21: Financial Statements.

Exhibit J includes our audited financial statements for the periods ending December 31, 2022, December 31, 2023, and December 31, 2024. Our fiscal year ends in December.

Item 22: Contracts.

All proposed agreements regarding the franchise offering are attached:

- Franchise Agreement (Exhibit A), with Lease Rider and Internet, Social Media, and Telephone Assignment
- State Addenda (Exhibit B)
- Multi-Unit Development Agreement (Exhibit C)
- Unlimited Guaranty and Assumption of Obligations (Exhibit F)
- Form of General Release (Exhibit G)
- Nondisclosure and Non-Solicitation Agreement (Exhibit H)

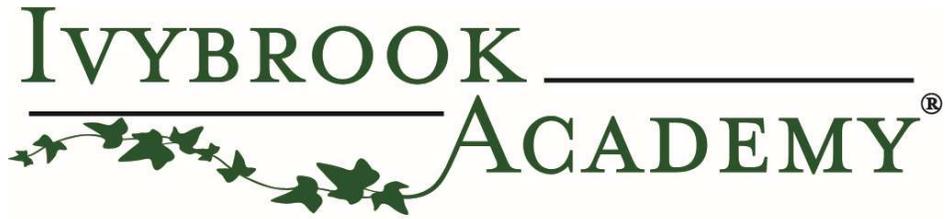
Nondisclosure and Non-Competition Agreement (Exhibit H)
Franchisee Disclosure Questionnaire (Exhibit L)

Item 23: Receipts.

Both your and our copy of the Disclosure Document Receipt is located on the last 2 pages of this Document at Exhibit M.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT**

IVYBROOK ACADEMY FRANCHISE AGREEMENT



Franchisee: _____

Date: _____

**EXHIBIT A TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT**

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**EXHIBIT A TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT**

Ivybrook Academy Franchise Agreement

This Franchise Agreement is by and between IVYBROOK FRANCHISING, LLC, a North Carolina limited liability company (“**Franchisor**”), and _____ [an individual resident of the State of _____ [or] business entity established in the State of _____] (“**Franchisee**”) and is for the purpose of establishing a franchise relationship between the parties; whereas Franchisor intends to sell and Franchisee intends to own and operate an Ivybrook Academy Franchised Business. Franchisor and Franchisee, intending to be legally bound, agree as follows:

§1 Definitions

Whenever used in this Agreement, the following words and terms have the following meanings:

“**Accepted Location**” means the site for the operation of the Franchised Business selected by Franchisee and accepted in writing by Franchisor.

“**Affiliate**” means an entity’s subsidiary or parent and an entity that controls, is controlled by, or is under common control with, another entity.

“**Agreement**” means this agreement entitled “Ivybrook Academy Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof.

“**Approved Supplier**” means a supplier, distributor, manufacturer, or vendor to Ivybrook Academy franchisees which been approved by Franchisor.

“**Chief Executive Officer**” means the individual designated as such by Franchisee on Schedule 2.

“**Competitive Business**” means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) childcare, daycare, or preschool services; provided, however, that the term “Competitive Business” shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest.

“**Confidential Information**” means information used in or related to Ivybrook Academy Franchised Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified or labeled as confidential when delivered by Franchisor.

“**Confidential Brand Standards Manual**” means the Ivybrook Academy Confidential Brand Standards Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs,

**EXHIBIT A TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT**

password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor.

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

“Franchise” means the right granted to Franchisee by Franchisor to use the System and the Marks.

“Franchised Business” means the Ivybrook Academy business to be established and operated by Franchisee pursuant to this Agreement.

“Gross Revenue” means the aggregate of all revenue collected from all sources in connection with the Franchised Business, including but not limited to from any and all operations occurring at the Accepted Location or otherwise associated in anyway with the Franchised Business and/or its customers, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) any revenue Franchisee remits to a customer or property owner or collection agency that Franchisee is contractually obligated to remit, (b) any chargeback fees Franchisee pays to a collection agency, (c) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and (d) any rebate received by Franchisee from a manufacturer or supplier.

“Incapacity” means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to (i) operate or oversee the operation of the Franchised Business on a regular basis by reason of any physical, mental or emotional condition, chemical dependency or other limitation or (ii) operate the Franchised Business in a manner that is compliant with the terms and conditions of this Agreement.

“Marks” means the trade name or trademark “Ivybrook Academy” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with Ivybrook Academy Franchised Businesses.

“School Administrator” means the individual designated as such by Franchisee on Schedule 1.

“System” means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of Ivybrook Academy Franchised Businesses.

“Trade Secrets” means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, know-how, techniques, drawings, processes, financial data, financial plans, curriculum, classes, schedules, lesson plans, product plans, intranet information, passwords, lists of actual or potential customers or suppliers, customer and supplier records, electronic code, designs, strategies, training materials,) related to or used in Ivybrook Academy Franchised Businesses that are not commonly known by

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or available to the public and that: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

§2 Grant of Franchise and Accepted Location

2.1 **Grant.** Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, a license to operate one Ivybrook Academy Franchised Business using the System and Marks, only at the Accepted Location. Franchisee accepts the obligation to develop and operate the Franchised Business for the entire Initial Term. Franchisee covenants that it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to promote and enhance the business of the Franchised Business and other franchised businesses established and operated by Franchisee under the System.

2.2 **Accepted Location.** The street address (or detailed description of the premises) of the Accepted Location for the operation of the Franchised Business is described on Schedule 1.

2.3 **Accepted Location Not Determined.** If the Accepted Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Accepted Location is not determined as of the Effective Date, then the geographic area in which the Accepted Location is to be located shall be within the geographic area described on Schedule 1 (“Designated Area”). Franchisee shall select and submit possible sites for Franchisor’s evaluation in accordance with Section 5.1. When the Accepted Location is determined, its address shall be confirmed in writing by Franchisor, and the Designated Area shall lapse. The failure to insert an address into Schedule 1, shall not affect the enforceability of this Agreement. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection.

2.4 **Territory.**

2.4.1 Franchisee will receive an exclusive territory determined by Franchisor, with a population of 125,000 people or a 3-mile radius around the Accepted Location (whichever is less) (“Territory”). Franchisor may specify the territory by a radius or other boundaries (such as town, city, county or other political boundaries, streets, geographical features, or trade area). As long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not limit or alter the boundaries of Franchisee’s Territory or the protections granted. Franchisor agrees that during the Initial Term it will not establish and operate, nor license any party other than Franchisee to establish and operate, a brick and mortar Ivybrook Academy school within the Territory.

2.4.2 Franchisor does not warrant or represent that no other Ivybrook Academy Franchised Business will solicit or make any sales within the Territory, and Franchisee hereby expressly acknowledges and agrees that such solicitations or sales may occur within the Territory. Franchisor shall have no duty to protect Franchisee from any such sales, solicitations, or attempted sales.

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2.4.3 Franchisee may offer and sell approved products and services only from the Franchised Business at the Accepted Location, except as Franchisor may give prior written approval. Franchisee may not offer or sell products through any other means or locations, including via the Internet. Franchisee shall only offer or sell products and services to retail customers for their use and consumption and not for resale.

2.5 **Additional Franchise Outlets.** Franchisee does not have the right to open more than one Ivybrook Academy. If Franchisor and Franchisee mutually agree that Franchisee shall open one or more additional Ivybrook Academy franchises, each such additional franchise will be governed by a separate franchise agreement.

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

2.7 Franchisor's Rights

2.7.1 All rights that are not granted to Franchisee in this Agreement are specifically reserved to Franchisor, and Franchisor will not be restricted in any manner from exercising them nor will Franchisor be required to compensate Franchisee should Franchisor exercise them.

2.7.2 Franchisor's rights include, directly or through others and regardless of either (a) proximity to Franchisee's Accepted Location or Territory or (b) any actual or threatened impact on sales of the Franchised Business to:

2.7.2.1 use the Marks and System in connection with establishing and operating Ivybrook Academy schools and businesses at any location outside the Territory;

2.7.2.2 use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Territory), whether or not Franchisee also offers them, through channels of distribution other than a brick and mortar, Ivybrook Academy-branded school; provided, however, that Franchisor shall not sell Ivybrook Academy courses or curriculum through online methods;

2.7.2.3 acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory); and

2.7.2.4 use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory).

2.8 Marketing and Solicitation Restrictions

2.8.1 Franchisee shall not directly market to or solicit customers whose principal business office or property address is located outside of the Territory. Except as part of cooperative advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the territory of another franchisee. Under no circumstances

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shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

2.8.2 Despite the marketing restriction in the previous section, Franchisee shall be permitted to accept any student at Franchisee's Accepted Location, regardless of the student's home location.

§3 Fees

3.1 **Franchise Fee.** Upon execution of this Agreement, Franchisee shall pay the Franchise Fee set forth on Schedule 1 (less any amount of the Franchise Fee previously paid by Franchisee under a Multi-Unit Development Agreement). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting, and other professional fees.

3.2 **Training & Opening Support Fee.** Upon execution of this Agreement, Franchisee shall pay the Training & Opening Support Fee set forth on Schedule 1. The Training & Opening Support Fee shall be due and deemed fully earned upon the date Franchisee signs a property lease or contract to purchase real estate for the Accepted Location and is nonrefundable.

3.3 **Real Estate and Facility Coordination Fee.** Upon execution of this Agreement, Franchisee shall pay the Real Estate and Facility Coordination Fee set forth on Schedule 1. The Real Estate and Facility Coordination Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable.

3.4 **Monthly Royalty Fee.** On or before the 6th calendar day of each month, Franchisee shall pay a fee ("Royalty Fee") equal to 7% of the Gross Revenue for the previous month.

3.5 **Third Party Suppliers.** If Franchisor requires Franchisee to use a designated third-party supplier, Franchisor has the right (but not the obligation) to collect payment on behalf of the supplier and remit the payment to the supplier. If Franchisor does so, it may impose a reasonable markup or charge for administering the payment program.

3.6 **Technology Fee.** Franchisor shall have the right to collect a technology fee during any point of the Initial Term. Franchisor may use this fee for any technology-related purpose. Franchisor retains the right to raise the fee at any time during the Initial Term

3.7 **Conference Fee.** Franchisor shall have the right to require Franchisee, its owners, its Chief Executive Officer, and its School Administrator to attend conferences. Franchisor will charge a per-person attendance fee for the conference. Franchisee is responsible for paying the costs of travel, food, transportation, and lodging for each person Franchisee brings to the conference. If Franchisee fails to attend a required conference, Franchisor will charge Franchisee the attendance cost for each person required to attend.

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3.8 **Supplier Fees.** Franchisor reserves the right to charge Franchisee fees for goods and services supplied by Franchisor or its Affiliates. Franchisor has sole discretion to change the amount of the fees and to add, delete, or modify the goods and services at any time. Ninety (90) days prior to opening, Franchisee shall pay to Franchisor, Franchisor's then-current fee for the package of startup trade dress décor and Franchisor shall cause it to be delivered to Franchisee prior to the opening of the Franchised Business.

3.9 **Late Fees.** All Royalty Fees, Brand Fund Contributions, amounts due for purchases by Franchisee from Franchisor and its Affiliates, and other amounts that are not received by the due date shall incur late fees at the rate of 1.5% per month (or, if lower, the highest rate allowed by the law of the state where Franchisee is located), from the date payment is due to the date payment is received by Franchisor or its Affiliates. Franchisee shall pay Franchisor for all costs incurred by Franchisor or its Affiliates in the collection of any unpaid and past due Royalty Fees, Brand Fund Contributions or any other amounts due Franchisor or its Affiliates, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor or its Affiliates to accept any payments after the due date or a commitment to extend credit to or otherwise finance Franchisee.

3.10 **Non-Compliance Fee.** As Franchisor deems necessary, Franchisor may charge Franchisee a fee for any instance of non-compliance with the System or this Agreement (other than failure to pay amounts owed to Franchisor). If such non-compliance is ongoing, Franchisor may charge Franchisee up to \$1,000 per week plus Franchisor's costs and expenses associated with the non-compliance until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Franchisor's internal cost of personnel time attributable to addressing the non-compliance and is not a penalty or estimate of all damages arising from Franchisee's breach. This non-compliance fee is in addition to all of Franchisor's other rights and remedies.

3.11 **Application of Payments.** Notwithstanding any designation by Franchisee, Franchisor and its Affiliates shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Brand Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor or its Affiliates in any proportion or priority.

3.12 **Method of Payment.** Franchisee shall pay the Royalty Fee, Brand Fund Contribution, and any other amounts owed to Franchisor or its Affiliates by pre-authorized bank draft or in such other manner as Franchisor or its Affiliates may require. Franchisor may adjust the due date of any fee or amount.

§4 Term and Renewal

4.1 **Initial Term.** This Agreement shall be effective and binding upon the Effective Date. The initial term of this Agreement shall expire on the 15th anniversary of the date that Franchisee opens the Franchised Business to the public ("Initial Term").

4.2 **Renewal Terms.**

4.2.1 Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the Initial Term by entering into a new franchise agreement with

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Franchisor. Franchisee's right to a successor franchise is for a maximum of two renewal terms of 10 years each (each a "Renewal Term"). Upon conclusion of the final Renewal Term, Franchisee will have no further right to operate the Franchised Business unless Franchisor grants Franchisee another franchise or agrees to further renewals, in Franchisor's sole discretion. As necessary, the renewal franchise agreement may be amended to reflect this provision. If this Agreement is a renewal agreement, the renewal provisions in Franchisee's original franchise agreement will dictate the length of the term of this Agreement as well as Franchisee's remaining renewal rights, if any. To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the Initial Term of this Agreement:

4.2.1.1 Franchisee has, during the entire Initial Term, fully complied with all provisions of this Agreement;

4.2.1.2 Franchisee has paid a renewal fee equal to the greater of (a) \$10,000 or (b) 10% of the initial franchise fee then in effect for new franchisees;

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

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

4.2.1.5 Franchisee (or any of Franchisee's Affiliates) has satisfied all monetary obligations owed by Franchisee (or any of Franchisee's Affiliates) to Franchisor (or any of Franchisor's Affiliate), and has timely met these obligations throughout the Initial Term;

4.2.1.6 Franchisee (and its Affiliates and owners, and guarantors) is not in default of any provision of this Agreement or any other agreement between Franchisee (or its Affiliate, owners, and guarantors) and Franchisor;

4.2.1.7 Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than 9 months nor more than 12 months prior to the end of the Initial Term;

4.2.1.8 Franchisee has executed Franchisor's then-current form of franchise agreement that may be different from this Agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the franchise agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement (including, for example, different performance standards or fee structures, increased fees or reduced territory protections); provided, however, that Franchisee shall not be required to pay either the then-current Franchise Fee;

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

4.2.1.10 Franchisee and its owners, and guarantors for themselves and on behalf of their respective predecessors, Affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns execute and deliver to Franchisor a general release, in the form prescribed by Franchisor, releasing, to the fullest extent permitted by law, all claims that they may have against Franchisor; Franchisor's predecessors and Affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, except to the extent prohibited by the laws of the state where the Franchised Business is located.

4.3 Continued Operation Following Expiration. Unless Franchisee qualifies for and exercises its option to enter into a successor franchise agreement, Franchisee has no right to continue to operate the Franchised Business after the expiration date. If Franchisor permits Franchisee to continue to operate the Franchised Business after the expiration date, but before the execution by Franchisee of a renewal agreement for a Renewal Term as required by Section 4.2, then the temporary continuation of the operations of the Franchised Business will be on a month-to-month extension of this Agreement and all of its terms, and will be terminable at Franchisor's will by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If Franchisor allows Franchisee to continue to operate the Franchised Business on a month-to-month extension of this Agreement and all of its terms, then Franchisee must pay to Franchisor weekly an additional fee equal to the greater of \$1,000 or 150% of the Royalty Fee due for the same week for every week of month-to-month operation after the expiration date, up to Franchisor's then-current initial franchise fee, which fee shall be in addition to Royalty Fee, Brand Fund Contributions, and any other payments due to Franchisor under this Agreement. If applicable law requires a longer notice period, the 30 day period will be deemed modified to be the shortest notice period required by such laws.

4.4 Renewal Notice. If applicable law requires that Franchisor gives notice of expiration or non-renewal to Franchisee prior to the expiration of the Initial Term or any Renewal Term, this Agreement shall be deemed to remain in effect on a month-to-month basis until Franchisor has given to Franchisee that notice of expiration or non-renewal so required and the applicable period required to pass before the notice becomes effective shall have expired.

§5 Accepted Location

5.1 Selection of Site. As discussed in more detail below, in exchange for the Real Estate and Facility Coordination Fee, Franchisor shall provide certain services related to site selection and guide Franchisee through Franchisor's standard process. Franchisee must complete Franchisor's site selection process with Franchisor's designated broker and have selected a facility that Franchisor accepts to lease or purchase for the operation of the Franchised Business within 6 months following the Effective Date. Notwithstanding Franchisor's assistance and acceptance of certain site(s), Franchisee is solely responsible for selecting the site. Franchisor has the right to

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accept or reject a proposed site based on such factors as it deems appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other Ivybrook Academy businesses, proximity to Competitive Businesses, or the size of the location and lease requirements. Franchisee shall not locate the Franchised Business on a site without the prior written acceptance of Franchisor. Franchisee hereby acknowledges and agrees that Franchisor's acceptance of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's acceptance of a site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's acceptance of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site accepted by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

5.2 Lease of Accepted Location

5.2.1 If Franchisee is to execute a lease for, or a binding agreement to purchase, the Accepted Location, Franchisee must obtain Franchisor's acceptance of the terms. Franchisor shall not unreasonably withhold its acceptance. ***Franchisee acknowledges and agrees that Franchisee shall solely rely on Franchisee's review of any such lease or purchase agreement. Franchisor recommends that Franchisee engage an attorney to review the lease. Franchisor is not responsible for or liable for the recommendations and advice of the attorney.*** Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Accepted Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Accepted Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's acceptance of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including but not limited to:

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

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payments under the lease. Franchisee shall not be entitled to a return of its security deposit. For the avoidance of doubt and uncertainty, nothing in this sub-section 5.2.1.1 shall entitled Franchisor to take possession of a property that is owned by Franchisee and not otherwise subject to any leasehold or ownership interests of Franchisor;

5.2.1.2 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

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

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

5.2.1.5 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Confidential Brand Standards Manual, subject only to the provisions of applicable law;

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

5.2.1.7 a provision allowing Franchisor, upon expiration and nonrenewal or termination of the lease or the Franchise Agreement, to enter the premises and remove any interior and exterior signs containing the Marks and trade fixtures;

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

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

5.2.1.10 Alternatively, Franchisor can, in its sole discretion, require that all leases pertaining to the Accepted Location include an Addendum in the form of Schedule 3 attached hereto, or shall contain terms and conditions substantially similar to those contained in Schedule 3 which Franchisor has approved in writing.

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5.3 Development of Accepted Location

5.3.1 Franchisee agrees that it will construct or remodel the premises at the Accepted Location in accordance with Franchisor's standards and specifications for the construction, remodeling, layout, design, and décor for Ivybrook Academy businesses ("Construction Standards"). Franchisee is solely responsible for the construction of the premises at the Accepted Location. Franchisee shall obtain Franchisor's acceptance of Franchisee's proposed plans for construction, remodeling, layout, design, and décor for the Franchised Business. Franchisee will commence any required construction promptly after execution of a lease for or closing on the purchase of the Accepted Location. Franchisee shall maintain continuous construction of the Franchised Business until completion. Franchisee will complete construction in accordance with the plans for the Franchised Business Franchisor has accepted. Except as may be required to have the accepted plans changed to comply with the Applicable Law, Franchisee shall not deviate from the accepted plans without the prior approval of Franchisor. Franchisor has no obligation to include the requirements of any Applicable Law in the Construction Standards. Franchisee also acknowledges that the requirements of the Construction Standards may exceed those required under the Applicable Law. "Applicable Law" means any law, rule, regulation, code or requirement applicable to the construction, remodeling, design, layout, building, permitting, and development of the Franchised Business, including, without limitation the Americans With Disabilities Act or similar rules governing public accommodations for persons with disabilities. It is solely Franchisee's responsibility to make sure that the design and construction of the Franchised Business and the Accepted Location are in compliance with all Applicable Laws. Franchisee Indemnifying Parties shall indemnify and hold Franchisor Indemnitees harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Accepted Location fail in any way to comply with any Applicable Laws. Franchisor has the right to require Franchisee to use an approved architect, general contractor, construction manager, or other supplier of design, engineering, construction, and related services. Franchisee agrees provide to Franchisor construction progress updates in a form approved by Franchisor at the intervals designated by Franchisor.

5.3.2 To the extent Franchisor has them, Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of the Accepted Location, including specifications for improvements, supplies and equipment that are necessary for the development and operation of an Ivybrook Academy Franchised Business. Franchisee shall cause the Accepted Location to be fully developed, equipped, and improved in accordance with such specifications within eighteen (18) months after the Effective Date. In connection with the development of the Accepted Location, Franchisee shall:

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

5.3.2.2 purchase any supplies or inventory necessary for the operation of the Franchised Business, as specified in the Confidential Brand Standards Manual;

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

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5.3.2.4 in accordance with Franchisor's then-current standards and specifications, establish broadband or high-speed Internet access and obtain at least one telephone number solely dedicated to the Franchised Business.

5.3.3 Notwithstanding any support provided by Franchisor and any suppliers of goods or services recommended or required by Franchisor, the enrollment capacity of the Franchised Business is determined by the jurisdiction where the Franchised Business is operated. Franchisor makes no representations, warranties, or guarantees regarding enrollment capacity of the Franchised Business.

5.4 Opening

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

5.4.1.1 fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;

5.4.1.2 furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease (if any), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.4.1.3 complete initial training to the satisfaction of Franchisor;

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

5.4.1.5 if Franchisee is a business entity, cause each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

5.4.1.6 obtain Franchisor's written permission and approval to open; Franchisor shall not unreasonably withhold consent to open, permission for which shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.4.1.7 pay in full all amounts due to Franchisor.

5.5 Use of Accepted Location. Franchisee shall not use the Accepted Location for any purpose other than for the operation of a Franchised Business in full compliance with this Agreement and the Confidential Brand Standards Manual, unless approved in writing by Franchisor.

5.6 Relocation. Franchisee shall not relocate the Accepted Location without the prior written consent of Franchisor. If the Accepted Location is leased, and the lease expires or terminates through no fault of Franchisee or if the Accepted Location's premises is destroyed, condemned or

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otherwise rendered unusable, Franchisee may request the right to relocate the Accepted Location either permanently or temporarily as appropriate under the circumstances and Franchisor shall not unreasonably withhold its consent to such relocation. Should Franchisee desire to relocate the Accepted Location for any other reason, Franchisee shall request the right and Franchisor may accept or reject such request. Any relocation of the Accepted Location shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.6. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within 90 days after the lease expires or is terminated or the Accepted Location is rendered unusable, this Agreement shall terminate as provided in Section 16.2.1.1.

5.7 Owned Real Estate. In the event that Franchisee proposes to lease the Accepted Location from any owner, Affiliate, guarantor, shareholder, member, manager, partner, director, officer or other principal of Franchisee, or from any person or entity related to or affiliated with Franchisee or one or more of Franchisee's owners, Affiliates, shareholders, members, guarantors, partners, directors, officers or other principals ("Related Party"), Franchisor may require the Related Party to sign this Agreement and/or separate agreements for the purpose of binding the Related Party to applicable provisions of this Agreement, as determined by Franchisor. Franchisee shall also execute a written lease agreement accepted by Franchisor with the Related Party and deliver a copy to Franchisor. Any such lease shall comply with the terms of Section 5.2 above. If Franchisee directly owns the Accepted Location, Franchisee agrees to execute a written agreement with Franchisor granting Franchisor the right to enforce the terms of Section 17.1.1.10 and/or the same rights as Franchisor would have received under a lease or lease rider that is compliant with Section 5.2 above.

§6 Proprietary Marks

6.1 Ownership. Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor or its Affiliate in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor or its Affiliate. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title, or interest in the Marks to Franchisee. Franchisee shall not, at any time during the Initial Term or any Renewal Term or after this Agreement's termination, nonrenewal, or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. Franchisee acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of value of the Marks and the goodwill associated with the Marks and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Franchisee or enter into this Agreement

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without receiving Franchisee's unrestricted promise to use the Marks only in the manner authorized by Franchisor.

6.2 Limitations on Use. Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification that Franchisor may require, and shall display at the Accepted Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated Franchise" of Franchisor. Franchisee shall not use any of Franchisor's Marks, in connection with employee facing labor and employment materials.

6.3 Notification of Infringements and Claims. Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and its Affiliates and their counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor and/or its Affiliates have the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's or an Affiliates' counsel, be necessary or advisable to protect and maintain Franchisor's and its Affiliates' interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

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

6.5 Discontinuance of Use. If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names,

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trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within 10 business days after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark. Franchisee must bear all costs due to any change, revision, or substitution of the Marks.

6.6 Right to Inspect. To preserve the validity and integrity of the Marks licensed hereunder, to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, and to evaluate Franchisee's business and compliance with the System, Franchisor and its designees have the right to enter and inspect the Accepted Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or in writing) customers and employees and to photograph or record the operations. Without limiting Franchisor's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Franchisor conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance by Franchisee (including following up a previous failed inspection), then Franchisor may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee. Franchisee shall cooperate with Franchisor's representatives with those inspections by rendering whatever assistance they may reasonably request, including using communications technology to conduct inspections remotely.

6.7 Online Presence and Email Address.

6.7.1 An "Online Presence" includes (1) a website, other webpages, URLs, or domain names, (2) accounts, pages, or profiles on social media sites, social networking sites, news sites and groups, online, internet, or digital directories, video, photography, audio, and messaging services, blogs, or forums, (3) e-commerce sites or accounts, (4) digital or online advertising and marketing content and services, (5) mobile applications, (6) virtual reality platforms, (7) identifiers of an Online Presence, or (8) a presence on any other type of online, internet, or digital tool, good, or service that may be developed.

6.7.2 Franchisee will not, directly or indirectly, establish or operate an Online Presence or email address that in any way concerns, discusses or alludes to the Franchisor, the System, or the Franchised Business without Franchisor's written consent, which Franchisor is not obligated to provide. If approved to establish an Online Presence or email address, Franchisee shall comply with Franchisor's standards and specifications with respect to the creation, maintenance, and content of any such Online Presence or email address. The Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence or email address, unless

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specifically approved by the Franchisor, which approval Franchisor is not obligated to provide. Franchisor shall have the right to modify the provisions of this Section 6.7 relating to any Online Presence as Franchisor shall solely determine is necessary or appropriate. Franchisor alone has the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through any Online Presence. Franchisor shall not be liable for downtime that may occur to any such Online Presence or email address, whether such downtime is caused by Franchisor or a third-party. Franchisor shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe Franchisee and/or the Franchised Businesses, with such webpage(s) or Online Presence to be located within Franchisor's website or another Online Presence. Franchisee shall comply with Franchisor's standards, specifications, policies with respect to the creation, maintenance, and content of any such web page(s) and any other Online Presence and email addresses; and Franchisor shall have the right to refuse to post and/or discontinue posing any content and/or the operation of any webpage or Online Presence.

6.7.3 Franchisee will not post, and will take such steps as necessary to ensure that its employees and contractors do not post, any information to an Online Presence relating to the Franchisor, the System, the Marks, or the Franchised Business that (a) does not comply with the Franchisor's then-current brand, social media, or Online Presence guidelines, (b) is derogatory, disparaging, or critical of Franchisor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Franchisee shall not establish or permit or aid anyone else to establish any links to any Online Presence which Franchisor may create. Franchisee specifically acknowledges and agrees that any Online Presence will be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under this Agreement. Upon request, Franchisee must provide Franchisor with any login credentials for any Online Presence or email address Franchisee is authorized to create, use, or maintain. Franchisor has the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of Franchisor's standards, specifications, or policies.

6.7.4 Franchisor alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Online Presence, including any and all material Franchisee may furnish to Franchisor for use on an Online Presence. Ownership of all URLs and other identifiers with any such Online Presence shall vest exclusively in Franchisor. Any Online Presence or email address that Franchisee is approved to create or use shall be owned by Franchisor and Franchisee shall sign all agreements and documents Franchisor deems necessary to evidence this. Franchisor has the right to require that any Online Presence or email address. If for any reason Franchisee gains any interest in an Online Presence for the Franchised Business, Franchisee can require Franchisee to assign it to Franchisor upon 30 days notice.

§7 Trade Secrets and Other Confidential Information

7.1 **Confidentiality of Trade Secrets and Other Confidential Information.** Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Confidential Brand Standards Manual, and as a result of guidance furnished to Franchisee during the Initial Term and any Renewal Term.

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Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the Initial Term or any Renewal Term. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute unfair competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the Initial Term and any Renewal Term; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall disclose to its employees and contractors only such Confidential Information as is necessary to operate its business hereunder and then only while this Agreement is in effect. Franchisee will require all persons and parties having access to any Confidential Information to execute an agreement requiring them to maintain the confidentiality of information they receive in connection with their employment at the Franchised Business. Those confidentiality agreements will be in a form satisfactory to Franchisor. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments. All curricula, lesson plans, teaching methods, trademarks, service marks, modifications, technologies, designs, methods, electronic code, patents, copyrights, improvements, enhancements, ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee, its Affiliates, or their owners, guarantors, directors, officers, contractors, agents, or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee, its Affiliates, or their owners, guarantors, directors, officers, contractors, agents, or employees, and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a “work made-for-hire” for Franchisor, Franchisee, its Affiliates, or their owners, guarantors, directors, officers, contractors, agents, or employees shall assign, and by this Agreement, do assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor’s efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

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7.3 Exclusive Relationship.

7.3.1 Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Ivybrook Academy franchisees if owners of Franchised Businesses and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the Initial Term, neither Franchisee, its Affiliates, nor any holder of a legal or beneficial interest in Franchisee or its Affiliates (or any of their spouses or domestic partners), nor any officer, director, executive, manager or member of the professional staff of Franchisee or Franchisee's Affiliates for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1.1 divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business;

7.3.1.2 do or perform any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.1.3 franchise, license, own an interest in, manage, operate, lease real estate to, or perform services for any Competitive Business wherever located.

7.3.2 Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Ivybrook Academy franchisees if owners of Franchised Businesses and members of their immediate families or households were permitted to solicit suppliers, business, and customers to a Competitive Business. Therefore, during the Initial Term, neither Franchisee, its Affiliates, nor any holder of a legal or beneficial interest in Franchisee or its Affiliates (or any of their spouses or domestic partners), nor any officer, director, executive, manager or member of the professional staff of Franchisee or Franchisee's Affiliates for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.2.1 solicit, divert or attempt to solicit or divert any person or party who is or was a customer of the Franchised Business at any time during the Initial Term, to any Competitive Business; or

7.3.2.2 solicit, divert, or attempt to solicit or divert, any supplier that has done business with the Franchised Business to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease to provide supplies, products, equipment, merchandise, or services to IVYBROOK ACADEMY businesses.

7.4 Nondisclosure and Noncompetition Agreements with Certain Individuals. Franchisor requires any holder of a legal or beneficial interest in Franchisee (and their spouses or domestic partners) and School Administrators to execute a nondisclosure, non-solicitation, and noncompetition agreements, in forms provided by or acceptable to Franchisor, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's

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

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

§8 Training and Assistance

8.1 Initial Training. Franchisor shall make an initial training program available to one of Franchisee's owners, the School Administrator, and up to two administrators; for a total of no more than three people. Approximately 60 days prior to the opening of the Franchised Business, the School Administrator and at least one of Franchisee's owners must attend and successfully complete, to Franchisor's satisfaction, an initial training program pertaining to the operation and administration of the Franchised Business including, but not limited to, sales and marketing methods; financial controls; maintenance of quality standards; operational procedures; customer service techniques; record keeping; and reporting procedures and other operational issues. All expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Real Estate and Facility Coordination Fee. In exchange for the Real Estate and Facility Coordination Fee, Franchisor shall provide the following assistance, to the extent Franchisor deems reasonable: (i) assist Franchisee in selecting real estate broker, (ii) review of property options, (iii) make one visit to Franchisee (at Franchisor's expense) to review potential sites, (iv) review of a letter of intent, (v) advise regarding school layout and configuration, and/or (vi) other assistance in Franchisor's discretion. *Franchisor's assistance and advice shall not give rise to any liability on the part of Franchisor. Neither Franchisor's assistance nor acceptance is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Accepted Location.*

8.3 Additional Training & Opening Support Assistance. Additionally, in conjunction with the beginning of operations, Franchisor may make available to Franchisee, at Franchisor's expense, Franchisor's representatives to provide support and training. Franchisee is responsible for all of its and its representatives' expenses during such additional training and support.

8.4 Failure to Complete Initial Training Program. If Franchisor determines that the owner or School Administrator is unable to satisfactorily complete the training program described above,

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Franchisor has the right to require a new owner or School Administrator to be designated or terminate this Agreement.

8.5 New School Administrator. After beginning operations, should Franchisee name a new School Administrator, Franchisee must notify Franchisor of the identity of the new School Administrator and the new School Administrator must complete the initial training program to Franchisor's satisfaction within 30 days of being named. Franchisor may charge its then-current fee for training. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the new School Administrator's attendance at such training.

8.6 Ongoing Training. From time to time, Franchisor may provide and if it does, has the right to require that Franchisee, Franchisee owners, the School Administrator, Chief Executive Officer, and other of Franchisee's personnel attend, ongoing training programs or seminars. Franchisor shall not charge a fee for any mandatory ongoing training (other than the conferences described in Section 3.7). If Franchisee requests additional training, Franchisee shall pay Franchisor's then-current training fee and expenses. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with its representatives' attendance at required or requested training.

§9 Confidential Brand Standards Manual

9.1 Loan by Franchisor. While this Agreement is in effect, Franchisor shall lend to Franchisee one copy of the Confidential Brand Standards Manual or grant Franchisee access to an electronic copy of the Confidential Brand Standards Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Confidential Brand Standards Manual. The Confidential Brand Standards Manual may consist of one or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Confidential Brand Standards Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration, nonrenewal, or termination of this Agreement.

9.2 Revisions. Franchisor has the right to add to or otherwise modify the Confidential Brand Standards Manual from time to time to reflect changes in the specifications, standards, operating procedures, and rules prescribed by Franchisor. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Confidential Brand Standards Manual is up to date at all times. If a dispute as to the contents of the Confidential Brand Standards Manual arises, the terms of the master copy of the Confidential Brand Standards Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality. The Confidential Brand Standards Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the Initial Term and any Renewal Term and subsequent to the expiration and nonrenewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Confidential Brand Standards Manual is available at the Accepted Location in a current and up-to-date manner. If the Confidential Brand Standards Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Confidential Brand Standards Manual in

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a secure manner at the Accepted Location; if the Confidential Brand Standards Manual is in electronic form, Franchisee shall maintain the Confidential Brand Standards Manual in a password-protected file. Franchisee shall only grant authorized personnel access to the Confidential Brand Standards Manual or any key, combination or passwords needed for access to the Confidential Brand Standards Manual. Franchisee shall not disclose, duplicate, or otherwise use any portion of the Confidential Brand Standards Manual in an unauthorized manner.

§10 Franchise System

10.1 **Uniformity.** Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Confidential Brand Standards Manual or other communications supplied to Franchisee by Franchisor. All references in this Agreement to requiring Franchisee's compliance with the Agreement shall also be understood to require compliance with the Confidential Brand Standards Manual and other of Franchisor's communications. Franchisor will make available to Franchisee from time to time all improvements and additions to the System to the same extent and in the same manner as they are made available to Ivybrook Academy franchisees generally. These improvements and modifications to the System may, but are not required, to include additional product and service offerings.

10.2 **Modification of the System.** Franchisor has the right, in its sole discretion, to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, curricula, teaching materials, computer hardware, software, equipment, inventory, supplies, or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require. Franchisee shall, at its own cost and expense, promptly adopt and use only those parts of the System specified by Franchisor and shall promptly discontinue the use of those parts of the System which Franchisor directs are to be discontinued. Franchisee shall not change, modify or alter the System in any way, except as Franchisor directs. Nothing in this Agreement limits the frequency or cost of future changes to the System that Franchisor may require. Franchisee understands and agrees that Franchisor has no ability to identify with specificity the nature of these future general improvements or their expected cost and accepts the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown on the Effective Date of this Agreement and that cannot be fully amortized over the period of time then remaining in the Initial Term. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 **Variance.** Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the territory, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any

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particular Franchised Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance granted to another franchisee.

§11 Advertising and Promotional Activities

11.1 Grand Opening Advertising. During the period specified by Franchisor, Franchisee shall spend an amount specified by Franchisor on local advertisement and promotion of the initial opening (“Grand Opening Advertising”). Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend on Grand Opening Advertising based upon Franchisor’s general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchisee shall conduct Grand Opening Advertising and any suppliers that Franchisee must use. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 11.2.2. Grand Opening Advertising expenditures shall be in addition to any Local Advertising expenditures and Brand Fund Contributions. Franchisor reserves the right to require Franchisee to pay this amount to Franchisor or its Affiliate to use on Franchisee’s behalf.

11.2 Local Advertising.

11.2.1 Franchisee shall continuously promote the Franchised Business. Every month, Franchisee shall spend 1% of its Gross Revenue on advertising, promotions and public relations within the immediate locality surrounding the Franchised Business (“Local Advertising”). Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor shall provide general guidelines to Franchisee for conducting Local Advertising. Within 30 days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month. Any amounts Franchisee contributes to a cooperative advertising program pursuant to Section 11.4 will be credited towards Local Advertising. Franchisor shall have the right to require Franchisee to spend the required minimum local advertising amount with specific suppliers and on specific services or products. Franchisor reserves the right to require Franchisee to pay this amount to Franchisor or its Affiliate to use on Franchisee’s behalf.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising, marketing, and promotional materials to be used by Franchisee including, but not limited to, digital advertisements, television ads, radio ads, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within 20 days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such 20-day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any advertising, marketing, or promotional material prior to approval by Franchisor. The submission of advertising, marketing, or promotional materials to Franchisor for approval shall not affect Franchisee’s right to determine the prices at which Franchisee sells products or provides services.

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11.3 Brand Development Fund.

11.3.1 Franchisor has established and administers a brand-wide fund to assist in Franchisor's development of the Ivybrook Academy brand, system, and schools ("Brand Fund"). Franchisee shall contribute 1% of Gross Revenues monthly to the Brand Development Fund. Franchisor may adjust this contribution amount from time to time ("Brand Fund Contribution"). Brand Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.4. Franchisor retains the right to designate another business entity to collect Brand Fund Contributions. Franchisor shall notify Franchisee at least 30 days before changing Brand Fund Contribution requirements. Brand Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1.1 Franchisor shall oversee all brand development programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Brand Fund. The program(s) may be local, regional or brand-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

11.3.1.2 Franchisee's Brand Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising, marketing, and public relations materials, including, without limitation, the cost of preparing and conducting television, radio, Internet, digital, social media, magazine, newspaper, influencer marketing, contests, listings, events and promotions, and direct mail advertising campaigns and other public relations activities; market research; developing and/or hosting an Internet and intranet web page or site and similar activities; developing, evaluating, or using technologies that Franchisor believes may benefit the brand, the customers, the franchisees, or the brand's reputation; search engine optimization; pay per click advertising; software, services, or companies to help promote the brand; travel expenses in connection with promotions and marketing meetings; hiring marketing, public relations and advertising agencies, or technology companies, or in-house personnel to assist in developing the Ivybrook Academy brand name; training, development of trademarks and trademarked materials; social media activities; trade shows and other events; sponsorships and contests; development of décor, trade dress, Marks, and/or branding; engaging advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees; compensation of Franchisor's employees working on Brand Fund activities; and for accounting, bookkeeping, reporting, legal and other expenses related to the Brand Fund. All Brand Fund Contributions shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Brand Fund, including but not limited to personnel cost.

11.3.1.3 Franchisor shall endeavor to spend all Brand Fund Contributions on brand development efforts and marketing during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Brand Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts,

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including any interest or other earnings of the Brand Fund, and next out of prior year contributions and then out of current contributions.

11.3.1.4 Although Franchisor intends the Brand Fund to be of perpetual duration, Franchisor has the right to terminate the Brand Fund at any time. The Brand Fund shall not be terminated, however, until all Brand Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis based on total Brand Fund Contributions made in the aggregate by each franchisee.

11.3.1.5 Businesses operated by Franchisor or an Affiliate shall not be obligated to make Brand Fund Contributions.

11.3.1.6 Unless otherwise required by law, Franchisor is not obligated to provide an accounting to Franchisee. Franchisor retains the right to have the Brand Fund reviewed or audited and reported on, at the expense of the Brand Fund, by an independent certified public accountant selected by Franchisor.

11.3.1.7 Franchisee acknowledges that the Brand Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Brand Fund.

11.3.1.8 Franchisor may require Franchisee to include a statement on advertising and marketing materials regarding the availability of franchises for sale. Franchisor may use the Brand Fund for such materials.

11.3.1.9 Franchisor, in Franchisor's sole discretion, may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year. The Brand Fund may borrow from Franchisor or other lenders and repay these loans. Franchisor may cause the Brand Fund to invest any surplus.

11.4 Cooperative Advertising. Franchisor has the right, but not the obligation, to create a cooperative advertising program for the benefit of Franchised Businesses located within a particular region. Franchisor has the right to collect and designate all or a portion of the Local Advertising to payments or contributions to Franchisor for the funding of a cooperative advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each cooperative advertising program and to require that Franchisee participate in such cooperative advertising programs when established within Franchisee's region. If a cooperative advertising program is implemented in a particular region, Franchisor has the right to administer the cooperative advertising program or to establish an advertising council of franchisees to self-administer the cooperative advertising program. Franchisee shall participate in the council according to the rules and procedures established by the council and Franchisee shall abide by the council's decisions. Should Franchisor establish a cooperative advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time. The fees due to the cooperative advertising program will be determined by a majority vote of the members of the council or by Franchisor. Each Ivybrook Academy business in the advertising council shall have one vote in an advertising council. The maximum fee that can be imposed by a cooperative is 2% of Gross Revenues. Franchisee shall also submit such statements

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and reports as may be designated from time to time by the cooperative. The cooperative shall submit to Franchisor such statements and reports as Franchisor may designate from time to time. The cooperative shall operate from written documents that are available for review by Franchisee. These written governing documents are subject to Franchisor's approval. Cooperative shall prepare annual financial statements and shall make them available for Franchisee's review upon reasonable request. Each member of the cooperative shall make contributions to the cooperative on the same basis as the other members, whether owned by Franchisee, another franchisee, Franchisor, or Franchisor's affiliates. Notwithstanding the foregoing to the contrary, Franchisor, in its sole discretion, may grant to any Ivybrook Academy business an exemption from the requirement of membership in a cooperative. Such an exemption may be for any length of time and may apply to one (1) or more businesses owned by the exempted party. The cooperative is not a trust fund. Franchisor and its affiliates shall have no fiduciary duty to Franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of any cooperative. Cooperative marketing and advertising materials are subject to approval by Franchisor before implementation.

11.5 Online Presence and Marketing. With any Online Presence that constitutes advertising, marketing, or promotion, Franchisee shall comply with the terms of Section 6.7.

11.6 Programs and Promotions. Franchisor has the right to require Franchisee to participate in future loyalty programs, and national, regional, and local giveaways and promotions at Franchisee's expense. Franchisee may be required to provide free or discounted products or services as a result of such loyalty programs, giveaways, or promotions. Franchisor is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of these loyalty programs, giveaways, or promotions. Franchisee may be required to participate in loyalty programs, giveaways, or promotions, as Franchisor modifies them from time to time. This may mean that Franchisee is obligated to provide services to customers in accordance with the terms of the program and may be required to provide reimbursement to other Ivybrook Academy businesses. Franchisee must not issue or offer any loyalty or similar program without or prior approval. Franchisee must sell, issue, redeem, and honor loyalty program incentives and promotions Franchisor requires in accordance with Franchisor's procedures and policies.

§12 Accounting, Records and Reporting Obligations

12.1 Records. During the Initial Term and any Renewal Term Franchisee shall maintain full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by Franchisor in the Confidential Brand Standards Manual or otherwise in writing. Franchisee shall retain during the Initial Term, and for three years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Revenue Reports. Franchisee shall maintain an accurate record of monthly Gross Revenue and shall deliver to Franchisor via email, or the intranet, or other designated method, a

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statement of monthly Gross Revenue on the 5th calendar day of each month for the previous month in a form that Franchisor approves or provides in the Confidential Brand Standards Manual.

12.3 Financial Statements and other Reports. Franchisee shall supply to Franchisor on or before the 5th calendar day of each month, in a form approved by Franchisor, a profit and loss statement for the previous calendar month. Franchisee shall, at its expense, submit to Franchisor within 30 days after the end of each calendar year, a profit and loss statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with a cash basis. As required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other reports and information in the manner and at the time specified in the Confidential Brand Standards Manual or otherwise in writing.

12.4 Financial Performance. Within 30 days of request by Franchisor, Franchisee shall provide any information, data, or reports that Franchisor requests in order to prepare a financial performance representation for Franchisor's franchise disclosure document.

12.5 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Franchisor a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Franchisor's Franchise Disclosure Document and with such other information as Franchisor may request.

12.6 Other Reports. Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Confidential Brand Standards Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement. Franchisor has the right to require Franchisee to grant Franchisor unlimited, remote, 24/7 access to Franchisee's books, records, and accounts that are provided through the Technology.

12.7 Right to Audit. Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records, and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of 1.5% per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees) if (i) the audit discloses an underpayment of 3% or more of the amount due for any period covered by the audit, or (ii) Franchisor conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.8 Release of Records. At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including,

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but not limited to, records evidencing Gross Revenue, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired Initial Term or Renewal Term or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

12.9 Late Reporting Fines. Franchisor shall have the right to assess a fine against Franchisee up to \$1,000 per incident if Franchisee fails to timely submit any required or requested information or report.

12.10 Chart of Accounts. Franchisee shall implement and use Franchisor's standard chart of accounts.

§13 Standards of Operation

13.1 Authorized Products, Services and Suppliers.

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

13.1.2 To the extent available, Franchisor shall provide Franchisee, in the Confidential Brand Standards Manual or other written or electronic form, with a list of specifications and a list of Approved Suppliers for some or all of the supplies, signs, furniture, fixtures, inventory, equipment and other approved or specified items and services. Franchisor may from time to time issue revisions to such list. Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Accepted Location any products or services that Franchisor has not approved. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor. Franchisor shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Supplier, including without limitation defects, delays, or unavailability of products or services. Franchisor or an Affiliate may be an Approved Supplier.

13.1.3 If Franchisee desires to utilize any suppliers, products or services that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the supplier, service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall pay a fee of \$500 in connection with Franchisor's evaluation. Franchisor will decide within a reasonable time (usually 30 days)

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

13.1.4 Franchisor and any of its Affiliates reserve the right to be an Approved Supplier or exclusive supplier of any good or service used in connection with the Franchised Business. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate.

13.1.5 Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same products or services.

13.1.6 Franchisor and Affiliates have the right to retain volume rebates, commissions, referral fees, and other payments and benefits from suppliers or real estate brokers or in connection with the furnishing of suppliers or real estate brokers or in connection with Franchisee's purchases from such suppliers or work with such real estate brokers. Franchisor may use any amounts that it receives from suppliers and real estate brokers for any purpose that Franchisor deems appropriate. Franchisee shall have no entitlement to or interest in any such benefits. Further if Franchisor and its Affiliates sell any goods and services to Franchisee, Franchisor and its Affiliates may make a profit. Franchisee hereby agrees that Franchisor and its Affiliates are entitled to such profits, payments, discounts, or other compensation.

13.1.7 Franchisee shall pay all suppliers and other creditors in a timely manner. If Franchisee leases the Accepted Location, Franchisee shall comply with its lease for the Location.

13.2 Appearance and Condition of the Franchised Business. Franchisee shall maintain the Accepted Location, equipment, and signage in "like new" condition, and shall repair or replace equipment, fixtures, supplies, inventory, and signage as necessary to comply with the health and safety standards and specifications of Franchisor and Franchisee's lessor and any applicable laws or regulations. Franchisor reserves the right to require Franchisee to generally refurbish the Franchised Business at Franchisee's expense, in order to conform to the building design, trade dress, color schemes, System, and presentation of the Marks in a manner consistent with the then-current image for Ivybrook Academy franchises, which include, without limitation, structural changes, installation of new materials and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. Such remodeling and re-equipping may include, without limitation, replacing worn out, obsolete, or dated equipment, fixtures, furnishings and signs; structural modifications, redecorating; or purchasing more efficient or improved equipment. FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT,

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ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE INITIAL TERM OR RENEWAL TERM. In the event of Franchisee's delay, refusal, or failure to make repairs or modifications to the Franchised Business as specified by this Section 13.2, Franchisor or its agents may enter the Franchised Business, without further notice and without liability for trespass or other tort and with Franchisee's complete cooperation, and remove, repair, and/or replace, at Franchisee's expense, any items which do not conform to Franchisor's then-current standards and specifications or which are not in conformity with Franchisee's obligation to maintain the Franchised Business and the Franchised Business in the highest degree of repair and condition. In addition to any and all other remedies that Franchisor may have in law or in equity, Franchisee shall reimburse Franchisor for all out-of-pocket expenses incurred by Franchisor in connection with any refurbishing work performed by Franchisor pursuant to this Section, plus an administrative fee of 10% of the total aggregate amount of expenses incurred by Franchisor. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

13.3 Ownership and Management.

13.3.1 Franchisee shall appoint a Chief Executive Officer (or similar title) as the executive primarily responsible for the Franchised Business, with decision-making authority on behalf of Franchisee. If Franchisee is an individual, then Franchisee shall be the Chief Executive Officer. The Chief Executive Officer must have at least 10% ownership interest in Franchisee. The Chief Executive Officer does not have to serve as a day-to-day general manager or School Administrator, but must devote substantial time and attention to the Franchise Business. Therefore, the Chief Executive Officer must be present at the Franchised Business no less than 20 hours per week during its first year of operations, excluding vacation, sick leave, and similar absences. If the Chief Executive Officer dies, becomes Incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Franchised Business, Franchisee shall promptly designate a new Chief Executive Officer and shall comply with Franchisor's training requirements for the Chief Executive Officer.

13.3.2 Franchisee shall appoint a School Administrator who will during all operating hours provide personal "on premises" supervision of the Franchised Business. The School Administrator and the Chief Executive Officer may be the same person. The School Administrator is required to devote sufficient efforts to the management of the day-to-day operation of the Franchised Business, which shall entail not less than 40 hours per week, excluding vacation, sick leave, and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its School Administrator. Franchisee and the School Administrator must not engage in any business or other activities that will conflict with their obligations under this Agreement.

13.4 Days of Operation. Franchisee shall keep the Franchised Business open for business during normal business hours on the days specified in the Confidential Brand Standards Manual.

13.5 Contributions and Donations. In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious,

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political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.6 Licenses and Permits. Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.7 Notification of Proceedings. Franchisee shall notify Franchisor in writing of the receipt of a notice of demand or threatened claim of liability of, or damages against or involving, Franchisee or the Franchised Business not more than five days after Franchisee's receipt of such notice. Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Notification of Significant Issues. Franchisee shall alert Franchisor as soon as possible (and in any event within 24 hours) of any significant issue or potential crisis relating to the Franchised Business. Franchisee shall follow Franchisor's policies and procedures for managing public relations and crisis communications as Franchisor directs in the Confidential Brand Standards Manual or otherwise. For purposes of this Agreement, a "significant issue" includes (but is not limited to) any allegation or occurrence of abuse, neglect, or mistreatment of a child; any serious injury to child on the premises of the Franchised Business, any outbreak of serious illness associated with the Franchised Business, any allegation or discovery that a child has been released to an unauthorized person; any occurrence of unlawful conduct in the Franchised Business; or any allegation or discovery of any hazardous or unlawful substance associated with the Franchised Business. Franchisor will have the right to take control of the management of communications if Franchisor determines that the publicity surrounding the significant issue is likely to have a material adverse effect on the reputation or goodwill of the Franchised Business, Marks, System, or Franchisor. Franchisee will obtain Franchisor's consent before any press releases, interviews or public statements are issued by Franchisee, or anyone on its behalf, about events that are likely to receive or are receiving significant negative public attention related to the Franchised Business, Marks, System, or Franchisor.

13.9 Compliance with Good Business Practices. Franchisee acknowledges that the quality of customer service provided by the Franchised Business is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall

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at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, suppliers and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right (in addition to all other rights and remedies of Franchisor) to intervene and satisfy the customer. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.10 Industry Memberships and Certifications. Franchisee shall be a member of all child-care and preschool organizations designated by Franchisor from time to time. Franchisee shall obtain all certifications and approvals from such organizations as Franchisee may require from time to time. As of the date of this Agreement, Franchisor requires that the Franchised Business (i) be a member of NAEYC (National Association for the Education of Young Children) and be accredited by NAEYC at the earliest possible date, and (ii) be a member of NAREA (North American Reggio Emilia Alliance).

13.11 Teachers and Other Employees.

13.11.1 Franchisee shall ensure that all teachers and other employees have any particular credentials or certifications required by applicable law and/or by Franchisor. Franchisee shall ensure that all teachers and other employees pass any background checks required by applicable law and/or by Franchisor.

13.11.2 Franchisor may set minimum qualifications and standards for teachers and other categories of employees employed by (or independent contractors engaged by) Franchisee. Franchisee shall ensure that all teachers and other employees and contractors satisfy any such qualifications and standards stated in the Confidential Brand Standards Manual or otherwise.

13.11.3 Franchisee shall abide by any uniform or dress code requirements, and any other standards of personal appearance, stated in the Confidential Brand Standards Manual or otherwise. Uniforms, if required, must be purchased from an Approved Supplier.

13.11.4 Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, hours of work, discipline, workplace health and safety, assignment, work rules and directions governing the manner, means, or methods of work performance, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor. Franchisee is solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, housing or transportation for Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee. Franchisee shall comply with all employment laws and regulations.

13.11.5 Franchisor is authorized to conduct background checks on any employees or prospective employees of Franchisee.

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13.12 Curricula, Classes, and Programs.

13.12.1 Franchisee must use the curricula designated by Franchisor. Franchisor may revise, change, eliminate, or replace any curriculum, and Franchisee must promptly implement such revised, changed, or substitute curriculum at Franchisee's own expense. Franchisee cannot vary any portion of the curriculum, or use a different source for any curriculum, without Franchisor's prior written approval.

13.12.2 Franchisee must offer all classes and programs designated by Franchisor, including the "Discovery" (art) class.

13.13 **E-Mail.** Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee may change its e-mail address by giving written notice of such change of address to Franchisor. If Franchisor provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems and authorizes Franchisor to access such communications.

13.14 **Customer Evaluation and System Compliance Programs.** Franchisee shall participate (at its own expense) in all programs required from time to time by Franchisor for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system and parent survey programs. Franchisor shall share with Franchisee the results of these programs, as they pertain to the Franchised Business. Franchisee must meet or exceed any minimum score requirements set by Franchisor for such programs.

13.15 **Best Efforts.** Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business.

13.16 **Copyrights and Patents.** Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future copyrights or patents relating to the System or the Ivybrook Academy concept, including, but not limited to, curricula, lesson plans, the Confidential Brand Standards Manual, construction plans and specifications and marketing materials belong solely and exclusively to Franchisor. Franchisee has no interest in Franchisor's copyrights and patents beyond the nonexclusive license granted in this Agreement.

13.17 **Customer and Other Data.** Franchisee shall maintain a data set of the names, purchase and enrollment history, home addresses, e-mail addresses and telephone numbers of the customers and past customers who have provided such information to the Franchised Business, as well as a documentation about permissions or consent the customers may have granted Franchisee, the Franchised Business, Franchisor, or a supplier ("Customer List"). Franchisee shall provide the Customer List to Franchisor upon request. Franchisee shall also use the Technology that Franchisor designates to create, store, maintain, and share the Customer List. The Customer List shall be the property of Franchisor and Franchisor shall have the right to use the Customer List for any purposes, in Franchisor's sole discretion. Franchisee shall not collect, use, process, store, share, or sell any information from the Customer List to or with any person or entity other than Franchisor without the express written consent of Franchisor. Franchisee shall not delete any

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information that is in the Customer List without Franchisor’s prior written consent or unless doing so is in accordance with the Data Protection and Security Policies. Likewise, other data collected by Franchisee or Franchisee’s Technology in connection with the Franchised Business (Customer List and the other data collectively referred to herein as “Franchised Business Data”) is deemed to be owned by Franchisor, and Franchisee agrees to furnish the Franchised Business Data to Franchisor at any time that Franchisor requests it. Franchisee shall also use the Technology that Franchisor designates to create, store, maintain, and share the Franchised Business Data. Franchisor hereby grants Franchisee a limited license to use Franchised Business Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the standards, specifications, procedures, and policies that Franchisor establishes periodically and applicable law. Upon termination, nonrenewal, transfer, or expiration of this Agreement for any reason, Franchisor shall be the exclusive owner of Franchised Business Data and Franchisee shall not use or disclose the Franchised Business Data in any form or manner. Franchisee shall not be due any compensation based upon Franchisor’s use of the Franchised Business Data. Franchisee may not collect, sell, disclose, share, transfer, or use Franchised Business Data for any purpose other than operating the Franchised Business by offering and selling Ivybrook Academy products and services. The Customer List and Franchised Business Data are expressly subject to the provisions of Section 13.18 and may constitute Personal Information.

13.18 Data Protection; Privacy.

13.18.1 As used in this Agreement, “Personal Information” shall mean (i) any information that can be used to identify, locate, or contact an individual or household, including but not limited to Franchisee’s employees and customers and (ii) information that is defined as protected, personal information under any Privacy Law.

13.18.2 Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Franchisor’s data protection and security policies as may be described in the Manual (“Data Protection and Security Policies”). Such policies may govern how Franchised Business Data and Personal Information contained in such data shall be collected, used, store, processed, shared, or destroyed. Franchisor has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Franchisor may supplement, modify, or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor. Franchisor may require Franchisee to institute a data privacy policy for its Franchised Business. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor’s prior written consent as to said policy.

13.18.3 Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council (“PCI-DSS”), (ii) those mandatory Data Protection and Security Policies, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting,

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and any other obligations related to the possession or use of Personal Information (collectively, “Privacy Laws”).

13.18.4 Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, SMS text message, or other electronic media without first obtaining Franchisor’s written consent as to: (a) the content of such e-mail, electronic, or SMS text message advertisements or solicitations; and (b) Franchisee’s plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 (“TCPA”), as amended from time to time. Franchisee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

13.18.5 Franchisee shall establish, maintain, and comply with appropriate internal, physical, and technical security measures in order to protect Personal Information associated with the Franchised Business and the Franchised Business Data against unauthorized disclosure and access and accidental or unlawful destruction, loss, or alteration. Franchisee shall cooperate with Franchisor in any audit that Franchisor may conduct from time to time of its data storage and management systems and Franchisee’s storage of Personal Information. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction, transfer, or other compromise or acquisition of or access to any Personal Information, whether such information is stored in paper or electronic form, or information that might reasonably expose Franchisor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee’s or Franchisor’s computers, networks, servers, IT resources, or paper files (“Security Breach”), Franchisee shall immediately notify the Franchisor’s Chief Executive Officer by telephone of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Franchisor has authorized the provision of notice and the form of such notice in writing.

13.18.6 Franchisor, through its employees and/or any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect the Accepted Location and examine Franchisee’s Technology, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws.

13.18.7 Franchisee is responsible for obtaining any required consent to the collection, use, storage, processing, and sharing of Personal Information from its customers, employees, and other parties from which it is required to obtain consent under the Privacy Laws or Data Protection and Security Policies. Franchisee shall retain copies of the consent and store them and share them with Franchisor in the manner Franchisor requires. Franchisee shall fully comply with Data Protection and Security Policies and Privacy Laws as they relate to a person’s

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exercise of his or her rights under the Privacy Laws. If any person contacts Franchisee seeking to exercise any right under law pertaining to Personal Information, Franchisee shall comply with such request in accordance with the terms of this Agreement, including the Data Protection and Security Policies, the Manual, the Privacy Laws, and as otherwise instructed by Franchisor. If requested by Franchisor, Franchisee must cooperate or coordinate with Franchisor to provide information about the way that Franchisee has collected, used, stored, processed, and shared Personal Information.

13.18.8 Franchisee warrants and represents and covenants that it shall not collect, use, store, process, or share Personal Information unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Manual, (iv) Privacy Laws, and if, applicable, (v) written approval of Franchisor. Franchisee shall collect, use, store, process, and share Personal Information only for purposes of operating the Franchised Business. Franchisee shall not sell Personal Information. Franchisee shall not re-identify any Personal Information that has been de-identified. If Franchisee engages any supplier that will collect, use, store, process, or share Personal Information, Franchisee must contractually bind the supplier to the data protection obligations that Franchisor requires.

13.19 Technology

13.19.1 Franchisee, at its expense, shall purchase or lease and thereafter maintain such computer hardware and software, mobile application(s), cloud-based systems and/or software, smartphone(s), tablet, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), point-of-sale systems, scheduling systems, robotics, automation, and other computer-related accessories or peripheral equipment as Franchisor specifies (“Technology”). Franchisor’s requirements for the Technology will be updated from time to time as deemed necessary by Franchisor in accordance with changing technology and industry standards and may include the requirement to purchase or lease new Technology. Franchisee must periodically update, as required by the Franchisor and/or the Technology’s suppliers, all Technology solely at the Franchisee’s expense. Franchisee may be required to license proprietary Technology directly from Franchisor or Franchisor’s Affiliates. Franchisee may be required to enter into license agreement(s) with Franchisor or other suppliers to provide all or part of the Technology. Franchisor and its agents shall have the right to access all information related to the operation of the Franchised Business that is accessed or stored on the Technology, whether in-person or from a remote location, without the need for Franchisee’s consent, at the times and in the manner prescribed by Franchisor, which may be unlimited, remote, 24/7 access. Franchisor may use data from the Technology in any way it deems fit.

13.19.2 Franchisor has the right to require Franchisee to connect to its computer or wireless system. If required, Franchisee shall provide such assistance as may be required to connect its Technology with Franchisor’s computer or wireless system. Franchisor shall thereafter have the right from time to time and at any time to retrieve and use for any purpose such data and information from Franchisee’s Technology, or from any third party or Franchisor-provided Technology as Franchisor, in its sole and exclusive discretion, deems necessary or desirable. In view of the contemplated interconnection of Technology and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor’s standards and specifications for all item(s) associated with Franchisee’s Technology.

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Franchisor shall have no liability to Franchisee as a result of Franchisor access or failing to access the Technology.

13.19.3 All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's system, and/or downloaded from Franchisee's system to Franchisor's system, is, and will be owned exclusively by Franchisor and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during Initial Term and any Renewal Term, and following termination, nonrenewal, or expiration of, this Agreement for any reason. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the Initial Term and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement. Franchisor shall have the right to obtain financial, enrollment, student, and fee reports from Franchisee's Technology at any time.

13.19.4 Despite the fact that Franchisee agrees to buy, use, and maintain the Technology according to Franchisor's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Technology; (2) the manner in which the Technology interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences if the Technology is not properly operated, maintained, and upgraded. Franchisee may not install any software, other than authorized upgrades, or make any hardware modifications to the Technology that might hamper or interfere with the operation of the Technology in the manner Franchisor requires. Franchisee acknowledges and agrees that Franchisor shall have no responsibility under any circumstances for any malfunction or "crash" of any Technology provided by or approved by Franchisor, including, but not limited to, for any data lost as a result of such malfunction or "crash."

13.19.5 Franchisee is expressly prohibited from utilizing any form of artificial intelligence ("AI") technology in the operation, management, or marketing of the Franchised Business without the express written approval of Franchisor. This includes, but is not limited to, AI-driven customer service, data analysis, image generation, text generation, code generation, sound generation, and decision-making tools. Any breach of this provision will be considered a material violation of this Agreement.

§14 Franchisor's Additional Operations Assistance

14.1 **General Advice and Guidance.** Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, teleconference, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge for this service; however, Franchisor retains the right to refuse or charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating Ivybrook Academy businesses and an analysis of costs and prices charged for competitive products

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and services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business; provided, however, that Franchisor shall have the sole right to determine the prices to be charged for products sold through an Ivybrook Academy Online Presence, including products sold to persons identified as customers of the Franchised Business. Franchisor will offer Franchisee advice and guidance for pricing.

14.2 **Periodic Visits.** Franchisor or Franchisor's representatives may make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor with time being of the essence.

§15 Insurance

15.1 Types and Amounts of Coverage.

15.1.1 At its sole expense, Franchisee shall procure 60 days prior to Franchised Business opening date, and maintain in full force and effect during the Initial Term and any Renewal Term, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee, shall contain a waiver of all subrogation rights against Franchisor, its affiliates, officers, directors, shareholders, members, managers, employees, and its successors and assigns, shall expressly protect both Franchisor and Franchisee on a primary and non-contributory basis, and shall require the insurer to defend both Franchisee and Franchisor (and any other additional insured) in any action while reserving Franchisor's right to involve counsel of Franchisor's own choosing in protection of its own and system wide interests. Franchisee understands that doing so does not necessarily furnish Franchisee with protection levels adequate to Franchisee's needs and that Franchisee's obligation to indemnify Franchisor as set forth above in this Agreement may exceed the amount of insurance Franchisee is required to obtain or does obtain. Franchisee's obligation to indemnify Franchisor is separate from its obligations to obtain insurance. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

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

15.1.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of \$100,000 or, if higher, the statutory minimum limit as required by state law;

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15.1.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of \$2,000,000 per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.1.4 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

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

15.3 Carrier Standards and other Requirements. Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating. All policies of insurance required to be maintained hereunder shall: (i) be written as primary policy coverage and not "excess over" or contributory with any other applicable insurance, including Franchisor's insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s)' liability; (iii) shall not contain any special limitations on the scope of coverage afforded to Franchisor; (iv) shall provide that any failure by Franchisee or any of Franchisee's employees, agents, subcontractors, or suppliers, to comply with any notice, reporting, or other similar provisions of such policies shall not affect the coverage provided to Franchisor.

15.4 Evidence of Coverage. Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least 30 days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

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

§16 Default and Termination

16.1 Termination by Franchisee. If Franchisor fails to perform any material obligation imposed upon it by this Agreement, and such failure is not cured within 90 days after Franchisee delivers written notice of such failure to Franchisor, then, provided Franchisee is otherwise compliant with Franchisee's obligation under this Agreement and any other agreement with

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Franchisor, Franchisee may terminate this Agreement at any time thereafter by delivering 30 days' written termination notice to Franchisor. Franchisee shall comply with Franchisor's instructions for the orderly wind-down of the Franchised Business during the 30 day period.

16.2 Termination by Franchisor.

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

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

16.2.1.2 fails to have at least one of its owners and School Administrator satisfactorily complete any training program pursuant to Section 8 or demonstrates, in the sole discretion of Franchisor that Franchisee does not have the ability to satisfactorily operate the Franchise;

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

16.2.1.4 is convicted of or pleads no contest (or any owner, School Administrator, or Chief Executive Officer of Franchisee is convicted or pleads no contest) to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business or that is likely to indicate unsuitability for childcare and education; or if Franchisor has evidence that such conduct has occurred;

16.2.1.5 after notice to cure, fails to refrain from activities, behavior or conduct, whether by Franchisee or any owner, School Administrator, or Chief Executive Officer, likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Confidential Brand Standards Manual, Trade Secrets, or any other Confidential Information (or any owner, School Administrator, or Chief Executive officer does so);

16.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and their spouses or domestic partners), and any officer, director, executive, of Franchisee, execute nondisclosure, non-solicitation, and noncompetition agreements, in forms provided by or acceptable to Franchisor, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all such agreements signed pursuant to Section 7.4 if requested by Franchisor;

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

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

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Chief Executive Officer or School Administrator during the 180 days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

16.2.1.11 submits to Franchisor on two or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than 1% for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error; or knowingly or intentionally maintains false books or records or knowingly submits any false records, statements, or reports to Franchisor;

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

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

16.2.1.14 engages in any activity exclusively reserved to Franchisor;

16.2.1.15 fails to comply with any applicable law or regulation within 10 days after being given notice of noncompliance;

16.2.1.16 breaches this Agreement (including failure to submit reports or other information or supporting records when due, to pay any Royalty Fee, Brand Fund Contribution, or other payment when due to Franchisor or any Affiliate, violation of any law or regulations, or failure to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Confidential Brand Standards Manual) on two or more separate occasions within any period of 12 consecutive months, whether or not previous breaches or failures are cured;

16.2.1.17 defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee (and any of its owners, guarantors and Affiliates), such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates;

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16.2.1.18 violates Section 7.3 (Exclusive Relationship) (or an owner of Franchisee violates Section 7.3);

16.2.1.19 violates Section 13.8 (Notification of Significant Issues);

16.2.1.20 begins operation of the Franchised Business prior to completing all pre-opening items as set forth in Section 5.4.1;

16.2.1.21 operates under any trademark not approved by Franchisor or otherwise uses any trademark not approved by Franchisor in the operation of the Franchised Business;

16.2.1.22 fails to meet or exceed any minimum score requirements set by Franchisor for customer evaluations or compliance programs; or

16.2.1.23 loses or is denied any federal, state, or local license Franchisee must possess in order to operate the Franchised Business;

16.2.1.24 an owner fails to complete the initial training program to Franchisor's satisfaction, or Franchisor concludes, no more than 10 days after an owner completes the initial training program, that the owner does not have the ability to satisfactorily operate the Franchised Business;

16.2.1.25 receives any letters of non-compliance, default, or governmental regulation citations;

16.2.1.26 defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee (and any of its owners and Affiliates) and fails to cure the default under the time period granted under that agreement;

16.2.1.27 on two or more separate occasions within any period of 12 consecutive months operate in a manner that creates a health or safety hazard to customers, employees, or the public; or

16.2.1.28 upon the occurrence of any other default which cannot be cured.

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

16.2.2.1 within five days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

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

16.2.2.3 within 15 days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Confidential Brand Standards Manual or otherwise prescribed in writing.

16.3 Reinstatement and Extension. If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or nonrenewal other than in accordance with applicable law, Franchisor may reinstate or extend the Initial Term or any Renewal Term for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee. If Franchisee is in breach of any obligation under this Agreement, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an Approved Supplier, maintenance of or access to any Online Presence (including an intranet), or providing of any technology or computer system to Franchisee, until such time as Franchisee corrects the breach or Franchisor otherwise determines to resume providing such services. Franchisor shall also have the right to modify the Territory and the protections described in this Agreement if Franchisee is in breach of any obligation under this Agreement. The discontinuing of these services and protections shall not be deemed a constructive termination.

16.5 Franchisor's Right To Cure. If Franchisee breaches or defaults under any provision of this Agreement, Franchisor may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Franchisor for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

16.6 Cross Default. Any default by Franchisee (or any owner, guarantor or Affiliate of Franchisee) under this Agreement shall be a default under any other agreement between Franchisor (or any Affiliate) and Franchisee (or any owner, guarantor, or Affiliate of Franchisee). Any such default under any other agreement or any other obligation between Franchisor (or any Affiliate) and Franchisee (or any owner, guarantor, or Affiliate of Franchisee) shall be a default under this Agreement. Any default by Franchisee (or any owner, guarantor, or Affiliate of Franchisee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between Franchisee (or any owner, guarantor, or Affiliate of Franchisee) and Franchisor (or any Affiliate).

16.7 Damages. Franchisee shall promptly reimburse Franchisor upon request for any damages, costs, losses, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default under this Agreement.

16.8 Notification. Franchisee hereby authorizes Franchisor to notify any lender, creditor, customer, supplier, or landlord of Franchisee or the Franchised Business upon the occurrence of

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any default under this Article 16, or any event or circumstances which the giving or notice or passage of time or both would constitute an event of default under this Article 16, and to otherwise communicate with such lenders, creditors, customers, suppliers, or landlords with respect to any such default, or any such event or circumstance.

§17 Rights and Duties upon Expiration, Nonrenewal, or Termination

17.1 Actions to be Taken.

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

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

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

17.1.1.3 upon demand by Franchisor, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Accepted Location to Franchisor or its designee and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination, nonrenewal, or expiration of this Agreement, and Franchisor or its designee has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "Ivybrook Academy" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination, nonrenewal, or expiration of this Agreement;

17.1.1.5 within 15 days of the date of expiration, nonrenewal, or termination or later upon demand pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to (i) all damages, costs and expenses, including reasonable attorneys' fees, Franchisor or any Affiliate incurs as a result of any defaults and termination, including with respect to litigation, arbitration, appellate or bankruptcy proceeding, (ii) all past due fees, such as Royalty Fees and Brand Fund Fees, and (iii) any other amounts due to Franchisor or any Affiliate. Within 15 days of the date of expiration, nonrenewal, or termination, Franchisee shall pay in full all of the creditors and suppliers to the Franchised Business.

17.1.1.6 upon demand pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor and its Affiliates subsequent to the termination,

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nonrenewal, or expiration of the Franchise, including those incurred in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.1.7 immediately return to Franchisor the Confidential Brand Standards Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and turn over to Franchisor copies of all customer records and contact information of the Franchised Business;

17.1.1.8 within 15 days of the date of expiration, nonrenewal, or termination assign all telephone listings, numbers, and Online Presences, for the Franchised Business to Franchisor (including any personal cellphone numbers used in connection with the business) and shall notify the telephone company, service providers, and all listing agencies of the termination, nonrenewal, or expiration of Franchisee's right to use any Online Presence and any telephone numbers associated with the Marks in any regular, classified or other telephone directory listing, and shall authorize transfer of same to or at the direction of Franchisor;

17.1.1.9 promptly comply with Franchisor's instructions relating to Technology, the Customer List and Franchised Business Data;

17.1.1.10 if Franchisor so requests and if Franchisee owns the real property on which the Franchised Business is located, lease the Accepted Location to Franchisor or its designee on substantially the same terms and conditions contained in Franchisee's lease for the Accepted Location, or if no lease exists or if the existing lease is not commercially reasonable, then on commercially reasonable terms. The lease shall be for an initial 5 year term, with two (2) 5 year renewal terms (at Franchisor's option). If the parties cannot agree on the rent to be charged under the lease within 30 days after the expiration, termination, or non-renewal of the Agreement, the rent will be determined by a qualified independent appraiser. Franchisee and Franchisor or its designee shall each present their proposed rent, and the independent appraiser will select the most commercially reasonable rent from the two proposals. The independent appraiser's determination will be binding on the parties. If the parties are not able to agree on an independent appraiser within 45 days of the termination, non-renewal, or expiration of this Agreement, each party will select an independent appraiser. The independent appraisers chosen will then select a third independent appraiser whose determination will be binding on the parties. The parties agree to select their respective appraisers within 55 days after the termination, non-renewal, or expiration of this Agreement and the two appraisers chosen are obligated to appoint the third appraiser within 15 days after the date on which the last of the two party-appointed appraisers is appointed. Franchisor or its designee and Franchisee will bear the cost of their own appraisers and share equally the reasonable fees and expenses of the third appraiser. The parties will take reasonable actions to cause the third appraiser to complete his or her appraisal within 15 days after the third appraiser's appointment. During the period when the parties are determining the rent and having the appraisal, Franchisor or its designee shall have the right to occupy the Accepted Location. Promptly after the determination of the rent, Franchisor or its designee shall pay the rent due for the time it occupied the Accepted Location while the rent was being determined;

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17.1.1.11 if Franchisor does not exercise its right to purchase (as described in Section 17.2) or to assume the lease or enter into a lease for the Accepted Location, Franchisee shall de-identify the Accepted Location within 10 days of the notice from Franchisor that Franchisor is not going to exercise its rights. The de-identification procedures shall include (i) immediately returning to Franchisor, FOB, at Franchisee's expense, any movable trade dress items (including décor) indicative of the System and any curriculum, materials, equipment, supplies, and other materials indicative of the System, (ii) immediately removing any uses of the Marks, including the mark "Ivybrook Academy," from the Accepted Location, removing or modifying any other trade dress distinctive to the System, and making any other specific alterations to the Accepted Location as may be necessary to distinguish the appearance of the Accepted Location from that of other Ivybrook Academy schools or any other specific additional changes as Franchisor may reasonably request.

17.1.1.12 upon direction from Franchisor either issue pro-rata refunds to all customers or pay to Franchisor the amount of pro-rata refunds due to customers within 30 days of termination, nonrenewal, or expiration termination of this Agreement;

17.1.1.13 if Franchisor exercises any of its rights to purchase, to have the lease assigned to it, or to lease the Accepted Location, Franchisee must cooperate with Franchisor or its designee in operating the Franchised Business uninterrupted and in a manner intended to preserve the Franchised Business and goodwill of customers and/or to allow Franchisor to continue operating the Franchised Business without interruption;

17.1.1.14 comply with all other applicable provisions of this Agreement.

In the event Franchisee does not comply with any of the above requirements, Franchisor may enter the Accepted Location, without being guilty of trespass and without incurring any liability to Franchisee, to undertake these post-termination obligations, including removing all signs, trade dress, equipment, and other items identifying the Accepted Location as an Ivybrook Academy Franchised Business and to make such other modifications as are reasonably necessary to protect the Marks and the System and to distinguish the Accepted Location from other Ivybrook Academy businesses.

17.2 Right of Franchisor to Acquire Business. When this Agreement expires, non-renews, or is terminated, Franchisor will have the right (but not the obligation) to purchase any or all of the assets related to the Franchised Business (including all business and customer records, real property, leasehold improvements, equipment, supplies, and inventory) at fair market value. To exercise this option, Franchisor must notify Franchisee no later than 60 days after this Agreement expires or is terminated and shall pay the purchase price within 60 days of the notice or the date the fair market value is determined, whichever is later. If the parties cannot agree on fair market value within 60 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Franchisor's purchase will be of assets only, and will not include any liabilities arising before the date of acquisition. If Franchisor exercises the purchase option, Franchisor may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Franchisor to

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cure defaults under Franchisee's asset leases and/or amounts owed by Franchisee to third parties. Franchisor may assign this purchase option to another party. In the period between expiration, nonrenewal, or termination of this Agreement and Franchisor's acquisition of the assets if Franchisor exercises its rights under this Section, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such the acquisition is completed. Franchisee shall pay Franchisor's designee's, travel, accommodation, and meal allowance expenses as well all salary and other compensation paid by Franchisor to such person. Franchisor shall be entitled to reimbursement of any expenses Franchisor and/or Franchisor's designee incurs that are not paid out of the operating cash flow of the Franchised Business.

17.3 Post-Termination Covenant Not to Compete

17.3.1 Franchisee acknowledges that the restrictive covenants contained in this Section 17 and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.3.1.1 to protect the Trade Secrets and other Confidential Information of Franchisor;

17.3.1.2 to induce Franchisor to grant a Franchise to Franchisee; and

17.3.1.3 to protect Franchisor against its costs in training Franchisee and its owners, officers, directors, executives, and professional staff; and

17.3.1.4 to protect the goodwill associated with the IVYBROOK ACADEMY brand.

17.3.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, shall, for a period of two years after the expiration, nonrenewal, or termination of this Agreement, regardless of the cause, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.3.2.1 engage in any Competitive Business located or operating (a) within a 10 mile radius of the Accepted Location or within the Territory (whichever is greater), or (b) within a 10 mile radius of the location of any other Franchised Business, Franchisor owned location, or Franchisor's Affiliate location in existence at the time of termination, expiration, or nonrenewal, as an officer, director, employee, consultant, manager, operator, or independent contractor in any capacity in which such person would be in a position to use or disclose Confidential Information; or

17.3.2.2 own an interest in, or franchise or license, lease real estate to, or operate a Competitive Business located or operating (a) within a 10 mile radius of the Accepted Location or within the Territory (whichever is greater), or (b) within a 10 mile radius of the location of any other Franchised Business, Franchisor owned location, or Franchisor's Affiliate location in existence at the time of termination, expiration, or nonrenewal.

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17.3.3 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, shall, for a period of two years after the expiration, nonrenewal, or termination of this Agreement, (a) within a 10 mile radius of the Accepted Location or within the Territory (whichever is greater), or (b) within a 10 mile radius of the location of any other Franchised Business, Franchisor owned location, or Franchisor's Affiliate location in existence at the time of termination, expiration, or nonrenewal, regardless of the cause of termination, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.3.3.1 solicit, divert, or attempt to solicit or divert, any supplier that has done business with the Franchised Business within one (1) year prior to the expiration, termination, or nonrenewal of this Agreement, to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease providing supplies, products, equipment, merchandise, or services to IVYBROOK ACADEMY businesses; or

17.3.3.2 solicit, divert or attempt to solicit or divert any person or party that was a customer of the Franchised Business during the one (1) year period prior to the expiration, termination, or nonrenewal of this Agreement, to any Competitive Business.

17.3.4 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure, non-solicitation, and noncompetition agreements in a form provided by or acceptable to Franchisor.

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

17.4 Unfair Competition. If Franchisee, its owner, or its Affiliates operate any other business, Franchisee, its owners, and its Affiliates shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee, its owners, and its Affiliates shall not utilize any designation of origin, description or representation that suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7, 17.1 or 17.2.

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

17.6 Liquidated Damages. Franchisee and Franchisor agree that it would be difficult if not impossible to determine the amount of damages that Franchisor would suffer due to a termination of this Agreement because of Franchisee's default or termination without cause. Therefore, Franchisee and Franchisor agree that a reasonable estimate of those damages (as liquidated

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damages and not as a penalty) is the net present value of an amount equal to the average of the preceding twelve (12) months of Royalty fees due and payable, multiplied by the number of months left in the Initial Term of this Agreement. Franchisee shall pay all costs, expenses and attorneys' fees incurred by Franchisor in enforcing the terms and conditions of this provision. Nothing contained herein shall be construed as prohibiting Franchisor from additionally pursuing any other remedies which may be available to Franchisor for such breach, including recovery of actual damages.

§18 Transferability of Interest

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

18.2 Transfer by Franchisee to a Third Party.

18.2.1 The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Accepted Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be voidable and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

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

18.2.1.2 all obligations by Franchisee or its Affiliates owed to Franchisor and its Affiliates, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.1.3 Franchisee, its Affiliates, owners, and guarantors (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form provided by or acceptable to Franchisor, of any and all claims against Franchisor, Franchisor, Franchisor's predecessors and Affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise;

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provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

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

18.2.1.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement and other ancillary agreements for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Brand Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.1.6 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise. Franchisor has the right to require Franchisee to prepare and furnish to the transferee and/or Franchisor such financial reports and other data relating to the Franchised Business and its operations as Franchisor deems reasonably necessary or appropriate for transferee and/or Franchisor to evaluate the Franchised Business and the transfer;

18.2.1.7 Franchisee, or the transferee, has paid to Franchisor a transfer fee equal to \$10,000 and the transferee has paid to Franchisor the transfer training fee equal to \$10,000;

18.2.1.8 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of the Initial Term and any applicable Renewal Term by executing an Unlimited Guaranty and Assumption of Obligations in such form as prepared by Franchisor;

18.2.1.9 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Accepted Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied. Prior to or upon closing of the transfer, Franchisee shall pay in full all creditors and suppliers of the Franchised Business;

18.2.1.10 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure, non-solicitation, and noncompetition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure, non-solicitation, and noncompetition covenants contained in Sections 7 and 17;

18.2.1.11 the transferee agrees that at least one of its owners and its School Administrator shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business; and

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

18.3 Transfer to a Controlled Entity.

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee (“Controlled Entity”), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor’s consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

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

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

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.1.7;

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

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

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

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

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

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

18.4 Franchisor's Disclosure to Transferee. Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto, including records provided by Franchisee to Franchisor. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor, Franchisor's predecessors and Affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity. Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to an heir or other third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. The transferee, whether an heir or other third party, shall satisfy Franchisor's then-current criteria for transferees. During such 180-day period, the Franchised Business must (i) remain at all times under the primary management of a Chief Executive Officer or School Administrator who otherwise meets Franchisor's management qualifications and (ii) be operated in accordance with the terms and conditions of this Agreement.

18.7 Transfer Damages. If Franchisee or an owner engages in a transfer without first complying with the applicable transfer provisions of this Agreement (including without limitation, the provisions of Articles 18 and 19) Franchisee agrees to pay to Franchisor, within fifteen (15) days of receiving notice from Franchisor, in addition to the amounts owed under this Agreement, transfer damages of Twenty-Five Thousand Dollars (\$25,000). The parties to this Agreement acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's unauthorized transfer. The parties consider this transfer damages provision to be a reasonable, good faith pre-estimate of those damages.

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§19 Right of First Refusal

19.1 **Submission of Offer.** If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to an immediate family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners. Franchisor has the unrestricted right to assign this option to purchase the assets or interests.

19.2 **Franchisor's Right to Purchase.** Franchisor shall, for 30 days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. During said 30-day period, Franchisor shall have the right to inspect all Franchisee's books and records relating to the Franchised Business, specifically including all financial records and statements for the three full fiscal years preceding the date on which the 30-day right of first refusal commences. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to 60 days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 **Non-Exercise of Right of First Refusal.** If Franchisor does not exercise its right of first refusal within 30 days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within 180 days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

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

§20 Beneficial Owners of Franchisee. Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Schedule 2 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

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§21 Relationship and Indemnification

21.1 **Relationship.** This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the Initial Term and any Renewal Term, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Accepted Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and suppliers retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 **Standard of Care.** This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation. No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such a covenant, Franchisee acknowledges that (a) this Agreement grants Franchisor the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations hereunder that may favorably or adversely affect Franchisee's interests; (b) Franchisor will use its judgment in exercising such discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of Franchisee and other franchisees within the network of franchisees generally; (c) Franchisor will have no liability to Franchisee for the exercise of its discretion, so long as such discretion is not exercised in bad faith toward Franchisee; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised.

21.3 **Indemnification.** To the fullest extent permitted by law, Franchisee, its owners, and its guarantors ("Franchisee Indemnifying Parties") shall, at their sole cost and expense, hold harmless and indemnify Franchisor, any Affiliate, and their respective officers, directors, executives, managers, members, shareholders, partners, owners, equity holders, employees, representatives, attorneys, accountants, guarantors, agents, successors and assigns (collectively "Franchisor

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Indemnitees”) from and against, and pay and reimburse of them for, all losses, damages, obligations, penalties, fines, costs, expenses, liability (including reasonable attorneys’ fees and all other costs of litigation), deficiencies, actions, causes of action, litigation, investigations, audits, arbitrations, mediations, notices, allegations, subpoenas, judgments, interest, awards, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon (a) any personal injury, bodily injury, or property damage whatsoever occurring in or at the location of the Franchised Business or in connection with the Franchised Business; (b) any bodily injury to an employee of Franchisee Indemnifying Parties arising out of and in the course of employment of the employee; (c) Franchisee’s ownership or operation of the Franchised Business; (d) Franchisee Indemnifying Parties’ breach of the lease for the Accepted Location; (e) Franchisee Indemnifying Parties’ violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (f) Franchisee Indemnifying Parties’ breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between any Franchisee Indemnifying Party and Franchisor (or an Affiliate); (g) Franchisee Indemnifying Parties’ defamation of Franchisor or the System; (h) Franchisee Indemnifying Parties’ and their employees’, contractors’, and agents’ acts, errors or omissions committed or incurred in connection with the Franchised Business and or place of operations, including any negligent or intentional acts; (i) product recalls; (j) negligence, recklessness, misconduct, or criminal conduct by the Franchisee Indemnifying Parties’, or any of Franchisee’s employees or agents; (k) data breaches; (l) any failure to warn or give instructions related to any products or services provided by Franchisor Indemnified Parties or by Franchisee; (m) any labor or employment law disputes relating to the Franchised Business or claims arising out of Franchisee’s employment practices, including claims that any of the Franchisor Indemnified parties are the employer, joint employer, or co-employer of Franchisee or Franchisee’s owners, agents, employees, or contractors; (n) any third party claim that arises from or is connected that explicitly or implicitly is premised on Franchisor’s direct and vicarious liability or arises from Franchisee’s employment and personnel decisions, including wrongful termination, wage and hour violations, and employee harassment and discrimination; (o) any third party claim that arises from or is connected with the ownership, establishment, use, non-use, possession, condition, operation, closure, or maintenance of the Accepted Location and the Franchised Business; (p) losses, claims or damages incurred by persons, other than Franchisee, due to errors or omissions contained in financial statements prepared by Franchisee pursuant to this Agreement, even if caused by the negligence of Franchisee, its employees, agents, contractors, or others for whom Franchisee is, in law, responsible; or (q) Franchisee’s infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. Franchisee Indemnifying Parties agree that this obligation to indemnify is regardless of the cause or concurrent or contributing fault or negligence of the Franchisor Indemnified Parties. Franchisee Indemnifying Parties hereby waive all claims against Franchisor Indemnified Parties arising from any of the foregoing. The obligations of this Section shall expressly survive the termination, expiration, or nonrenewal of this Agreement. Each of the Franchisor Indemnitees is hereby made an express third-party beneficiary of this Agreement.

21.4 Right to Retain Counsel. Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In

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order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section to take corrective or remedial action, causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. Franchisor Indemnities shall have the right, in their sole discretion, and at Franchisee's expense and risk, to control the response to any claim and the defense thereof, including the right to enter into settlements or take any other mitigating, remedial, corrective, or other actions they deem appropriate. Franchisee Indemnifying Parties must reimburse Franchisor Indemnities for all of Franchisor Indemnitees costs, expenses, and all attorneys' fees immediately upon Franchisor Indemnitees' request. Franchisee Indemnifying Parties shall not, without the prior written consent of the Franchisor Indemnitees, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Franchisor Indemnities, or (b) settle or compromise any claim in any manner that may adversely affect the Franchisor Indemnities. Franchisee Indemnifying Parties agree to give their full cooperation to Franchisor Indemnitees in assisting with the defense of any such claim. Franchisor Indemnities' undertaking of defense and/or settlement will in no way diminish Franchisee Indemnifying Parties' obligations to indemnify Franchisor Indemnitees and to hold Franchisee Indemnitees harmless.

21.5 The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

§22 General Conditions and Provisions

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

22.2 **Notices.** Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally recognized overnight courier service, in each case, addressed as follows:

If intended for Franchisor, addressed to

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IVYBROOK FRANCHISING, LLC
Attn: Drew McWilliams & Jennifer McWilliams
9801 Suzanne Court
Weddington, NC 28173

If intended for Franchisee, addressed to

the notice address set forth in the Schedule 1, or,

if Franchisee has opened its Franchised Business, the address of the Accepted Location of the Franchised Business, or

in either case, to such other address as may have been designated by notice to the other party.

Notice shall be deemed given and effective upon the first to occur of receipt, when proper delivery is refused, or two (2) calendar days after deposit in registered or certified U.S. Mail or with a nationally recognized overnight courier, as described above. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

Additionally, Franchisor may provide the notice described in this section by email or other electronic system to (a) the email address set forth on Schedule 1, (b) the email address Franchisor has approved or provided for Franchisee to use with the Franchised Business, or (c) another electronic account that Franchisor has approved or provided for Franchisee to use with the Franchised Business. Such email notices shall be deemed given and effective upon the day on which the email was sent, unless Franchisor receives notice of rejected delivery by the email account or other electronic account.

22.3 Cost of Enforcement or Defense. If Franchisor is required to enforce this Agreement in an Action, as that term is defined in Section 23.10, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.4 Unlimited Guaranty and Assumption of Obligations. All holders of a legal or beneficial interest in Franchisee and any such person's spouse or domestic partner shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.5 Approvals and Acceptance. Whenever this Agreement requires the prior approval, acceptance, or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval, acceptance, or consent and, except as otherwise provided herein, any approval, acceptance, or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee

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or any third party to which it would not otherwise be subject, by providing any waiver, approval, acceptance, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval, acceptance, or consent.

22.6 Entire Agreement. This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations (including, unless otherwise agreed upon by the parties, the representations of any franchise sellers), and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee. This Agreement may not be amended orally but may be amended only by a written instrument signed by the parties.

22.7 Severability and Modification.

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

22.7.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

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

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

22.10 Timing. Time is of the essence. Except as set forth in Section 22.11, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.11 Withholding Payments. Franchisee and its Affiliates shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee or its Affiliates shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor or its Affiliates. No endorsement or statement

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on any payment for less than the full amount due to Franchisor or its Affiliates will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor and its Affiliates have the right to accept and cash any such payment without prejudice to Franchisor's or its Affiliates' right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor and its Affiliates has the right to apply any payments made by Franchisee or its Affiliates against any of Franchisee's or its Affiliates' past due indebtedness as Franchisor deems appropriate. Franchisor and its Affiliates shall set off sums Franchisor or its Affiliates owes to Franchisee or its Affiliates against any unpaid debts owed by Franchisee or its Affiliates to Franchisor or its Affiliates.

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

22.13 Third-Party Beneficiaries. Notwithstanding anything to the contrary notwithstanding, except for the rights and benefits granted to Franchisor Indemnified Parties, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

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

22.15 Multiple Originals. If both parties will execute multiple copies of this Agreement, then each executed copy will be deemed an original. Franchisor and Franchisee may utilize electronic means, including electronic signatures, electronic mail, and facsimile, to execute and transmit the Agreement or PDF copies of the Agreement and all such electronically signed or transmitted copies of the Agreement shall be deemed as valid as originals.

22.16 No Warranties. FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES APPROVE, SUPPLY, OR REQUIRE FRANCHISEE TO PURCHASE OR USE. FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT, SUPPLIES, OR OTHER APPROVED ITEMS.

§23 Dispute Resolution

23.1 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such

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law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

23.2 Consent to Jurisdiction. Any Action, except those claims required to be submitted to mediation and then arbitration, shall only be brought in the appropriate state or Federal courts located in or serving the city of Franchisor's then-current place of business (currently, Charlotte, North Carolina). The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy.

23.4 Limitation of Damages. Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.3. Franchisee waives and disclaims any right to consequential damages in any Action. In any Action brought by Franchisee (or its owners or Affiliates), Franchisee's (or its owners' and Affiliates') contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fees. Any and all Actions brought by Franchisee against Franchisor, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such Action shall be barred.

23.5 Waiver of Jury Trial. Each party acknowledges and agrees that any Action that may arise is likely to involve complicated and difficult issues. Therefore, Franchisee (and Franchisee's owners and Affiliates) and Franchisor (and its Affiliates) each irrevocably waive trial by jury in any Action.

23.6 Mediation; Arbitration.

23.6.1 Before Franchisee (or any of its owners or Affiliates) and Franchisor (or its Affiliates) may bring an Action against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding. Mediation shall be (i) conducted by a mediator mutually agreeable to the parties who has franchise law experience, (ii) conducted in accordance with the American Arbitration Association rules for mediation of commercial disputes and (iii) held in the city of Franchisor's then-current principal place of business (currently Charlotte, North Carolina). Nevertheless, the parties may mutually agree on a mediator, venue, and/or procedures for mediation. The mediation shall be commenced by the party requesting mediation ("complainant") providing written notice of the request for mediation ("request") to the party with whom mediation is sought ("respondent"). The request shall specify with reasonable particularity the matter or matters on which mediation is sought. A copy of the request shall be given by the complainant simultaneously to Franchisor if Franchisor is not a

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complainant or respondent. Mediation commenced under this Section 23.6.1 shall be concluded within 60 days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

23.6.2 Therefore, the parties agree that, to the extent that any disputes cannot be resolved directly and following compliance with the applicable mediation requirements set forth in Section 23.6.1 above, any Action shall upon 30 days' written notice by either party be resolved, except as elsewhere expressly provided in this Agreement, upon application by any such party by binding arbitration in Franchisor's then-current principal place of business (currently, Charlotte, North Carolina), in accordance with the Federal Arbitration Act under the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including without limitation the Optional Rules for Emergency Measures of Protection ("AAA"), though not required to be administered by the AAA, and not under any state arbitration laws, and judgment on the arbitration award may be entered in any court of competent jurisdiction. The parties agree that arbitration shall be conducted on an individual—not a class-wide— basis. The Federal Arbitration Act shall apply to all arbitration and arbitration venue questions. Any award by the arbitrator(s) shall be final, binding and nonappealable. The matter shall be heard by one (1) arbitrator mutually selected by the parties who shall have at least ten (10) years' experience in practicing franchise law during which franchise law is or has been their primary area of practice and shall have substantial experience in the preparation of franchise agreements and franchise disclosure documents. Franchisee (and its owners, Affiliates, and guarantors) that by agreeing to arbitrate they give up jury and appeal and other rights they might have in court.

23.6.3 Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

23.7 Injunctive Relief. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. Notwithstanding the provisions of Section 23.6 above, Franchisee agrees that Franchisor and its affiliates, at their option, will have the right to immediately (without first seeking mediation or arbitration) seek preliminary injunctive relief from a court of competent jurisdiction, to restrain any conduct by Franchisee, its owners, its affiliates, and its guarantors that (i) could materially damage the good will associated with the System, the Marks, and the network of Ivybrook Academy businesses (including but not limited to conduct related to trademark or other intellectual property infringement), (ii) that involves the disclosure or use of Franchisor's Confidential Information or Trade Secrets, (iii) that relates to Franchisee's, and its owners or managerial employee's covenants against unfair competition and solicitation, or (iv) relates to the restrictions of Sections 6, 7, and 17, as these types of breaches would result in irreparable injury to Franchisor. If Franchisee, its owners, its affiliates, and guarantors, as they may, by initiating arbitration, Franchisor and its affiliates agree to arbitrate the entire dispute thereafter except preliminary injunctive relief (and permanent

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injunctive relief also, if Franchisee, its owners, its guarantors, and affiliates will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement. Franchisor shall not have the obligation to post security or a bond.

23.8 Class Action Waiver. FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT BY FRANCHISOR (AND ITS AFFILIATES, IF APPLICABLE) AND FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE). NEITHER FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) NOR FRANCHISOR SHALL SEEK TO BRING AN ACTION AGAINST ANY OF THE OTHER PARTIES EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY. NO ACTION SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) AND FRANCHISOR (AND ITS AFFILIATES, IF APPLICABLE) AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, THEM, UNLESS BOTH FRANCHISEE AND FRANCHISOR CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE (AND ITS OWNERS, GUARANTORS, AND AFFILIATES, AS APPLICABLE) AGREES AND ACKNOWLEDGES THAT ANY ACTION WILL BE CONSIDERED UNIQUE ON ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS OR GROUP ACTION. FRANCHISEE (AND ITS OWNERS, GUARANTORS, AND AFFILIATES, AS APPLICABLE) MAY NOT BRING ANY ACTION ON A CLASS-WIDE BASIS (OR JOIN ANY THIRD-PARTY CLAIM).

23.9 Attorney's Fees. The prevailing party in any Action or any action or proceeding relating to any lease or sublease for the Franchised Business or Accepted Location will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in the prosecution or defense of any such Action.

23.10 Action Definition. The term "Action" as used in this Article 23, means any claim, counterclaim, action, proceeding, lawsuit, arbitration, dispute, or controversy, whether in law or in equity, arising from or related to this Agreement, any agreement between Franchisee (or its owners, affiliates, and guarantors) and Franchisor (or its affiliates) relating to the Franchised Business, the rights, performance, and obligations of Franchisor and Franchisee under such agreements, the interpretation, validity, or enforceability of such agreements, the sale of the franchise, the relationship between Franchisor and Franchisee (and its owners, affiliates, and guarantors).

§24 Acknowledgements and Miscellaneous Provisions

24.1 Receipt of this Agreement and the Franchise Disclosure Document. Franchisee represents and acknowledges that it has received, read, and understands this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample

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time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least 14 calendar days prior to the date on which this Agreement was executed, the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures. Franchisee understands that this Agreement contains the entire agreement between Franchisor and Franchisee concerning the Ivybrook Academy franchise, which means that any oral or written statements not set out in this Agreement will not be binding.

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

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

24.4 Risk. Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Franchised Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success. Franchisee represents and acknowledges that it has not received any guarantee, express or implied, as to the revenues, profits, or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's officers, directors, employees, or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements. Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.7 Reasonableness. Franchisee accepts the terms, conditions and covenants contained in this agreement as being reasonable and necessary to maintain Franchisor's standards of quality, service and uniformity and in order to protect and preserve the goodwill of the Marks. Franchisee acknowledges that other franchisees of Franchisor have been or will be granted franchises at different times and in different situations. Franchisee further acknowledges that the provisions of the franchise agreements pursuant to which such franchises were granted may vary materially from those contained in this Agreement and that Franchisee's obligations arising hereunder may differ substantially from other franchisees. Franchisee recognizes that the System may evolve and change over time.

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24.8 **Authority.** Even though this Agreement contains provisions requiring Franchisee to operate the Franchised Business in compliance with Franchisor's System: (1) Franchisor or Franchisor's Affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of Franchisee's business or employment decisions; and (2) Franchisee and Franchisor do not intend for Franchisor or Franchisor's Affiliates to incur any liability in connection with or arising from any aspect of the System or Franchisee's use of the System or the operation of the Franchised Business, whether or not in accordance with the requirements of the Confidential Brand Standards Manual.

24.9 **Corporate Structure.** If Franchisee is a corporation, a limited liability company or a partnership, Franchisee makes the following representations and warranties: (1) Franchisee is duly organized and validly existing under the laws of the state of its formation; (2) Franchisee is qualified to do business in the state or states in which the Franchised Business is located; (3) execution of this Agreement and the development and operation of the Franchised Business is permitted by its governing documents; and (4) Franchisee's articles of incorporation, articles of organization or written partnership agreement shall at all times provide that Franchisee's activities are limited exclusively to the development and operation of the IVYBROOK ACADEMY Franchised Business. If Franchisee is a corporation, a limited liability company or a partnership, Franchisee has provided to Franchisor a current list of all owners and Franchisee agrees that Franchisee will advise Franchisor of any and all changes in ownership. If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restriction imposed on assignment by Franchisor, pursuant to franchise agreement(s) to which the corporation is a party." If Franchisee is a limited liability company, each membership or management certificate or other evidence of interest in Franchisee shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by franchisor pursuant to franchise agreement(s) to which the limited liability company is a party."

24.10 **Individual or Partnership.** If Franchisee is an individual, or a partnership comprised solely of individuals, Franchisee makes the following additional representations and warranties: (a) each individual has executed an agreement whereby they agree to be bound by all the terms of this agreement; (b) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and any breach of, each and every provision of this agreement; and (c) notwithstanding any transfer for convenience of ownership, pursuant to this agreement, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and any breach of, each and every provision of this agreement. If Franchisee is a partnership, its written agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

24.11 **No Terrorism Connections.** Franchisee acknowledges that under applicable US Law, including, without limitation, executive order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or blocked person. "Specially Designated National" or "Blocked Person" shall mean (1) those

**EXHIBIT A TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT**

persons designated by the US Department of Treasury's Office of Foreign Assets control from time to time as a "Specially Designated National" or "Blocked Person" or similar status, (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the order, or (3) a person otherwise identified by government or legal authority as a person with whom franchisor is prohibited from transacting business. Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is a Specially Designated National or Blocked Person, and that Franchisee (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity. Franchisee agrees that Franchisee shall immediately provide written notice to Franchisor of the occurrence of any event which renders the representations and warranties in this section incorrect.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

**EXHIBIT A TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT**

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

FRANCHISOR:

IVYBROOK FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR ACCEPTED LOCATIONS IN OHIO: You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

FRANCHISEE:

[if an individual:]

Name: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

**FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR
ACCEPTED LOCATIONS IN OHIO**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to IVYBROOK FRANCHISING, LLC, 9801 Suzanne Court, Weddington, North Carolina 28173 877-550-1234, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date) _____

**FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR
ACCEPTED LOCATIONS IN OHIO**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to IVYBROOK FRANCHISING, LLC, 9801 Suzanne Court, Weddington, North Carolina 28173 877-550-1234, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date) _____

Schedule 1 to Franchise Agreement

SUMMARY INFORMATION

A. Accepted Location of the Franchised Business (if known) (Section 2.2):

B. Designated Area (if Accepted Location not yet determined) (Section 2.3):

C. Franchise Fee (Section 3.1): \$50,000

D. Real Estate and Facility Coordination Fee (Section 3.3): \$10,000

E. Training & Opening Support Fee (Section 3.2): \$15,000

F. Operations Manager: _____

G. School Administrator: _____

H. Franchisee's Address For Notices (Section 22.2):

Physical Address: _____

Email Address: _____

Schedule 2 to Franchise Agreement

OWNERSHIP INFORMATION

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

- _____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

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

| Name | Shares or Percentage of Ownership |
|------|-----------------------------------|
| | |
| | |
| | |
| | |
| | |

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

| Name | Title |
|------|-------|
| | |
| | |
| | |
| | |
| | |

Schedule 3 to the Franchise Agreement

LEASE RIDER

This Lease Rider is executed as of this date of _____, by and between _____ (“Tenant”) and _____ (“Landlord”) as a Rider to the lease dated _____ (as amended, renewed, and/or extended from time to time, the “Form Lease”) for the Premises located at _____ (“Premises”).

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Form Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

1. Permitted Use. The Premises are leased to Tenant for the operation of a franchised school providing an exceptional preschool environment through curriculum, involvement, and a learning environment. Landlord covenants that from and after the date hereof, Landlord shall not permit any other tenant to operate a store in the same shopping center as the Premises that receives Twenty-Five Percent (25%) or more of its gross revenues from the sale of preschool, childcare, or daycare services.

2. Signage. Notwithstanding anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other Proprietary Marks and identification on both the exterior and within the interior of the Premises as approved by IVYBROOK FRANCHISING, LLC, a North Carolina limited liability corporation and franchisor of the IVYBROOK ACADEMY concept (“Franchisor”).

3. Assignment and Subletting. Landlord’s consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant’s assets or business or an assignment or sublet to Franchisor, any parent, subsidiary or affiliated entity of Tenant or Franchisor, or another IVYBROOK ACADEMY franchisee. Landlord shall approve as an assignee or sublettee any tenant who has become a transferee of the Franchise Agreement by and between Tenant and Franchisor (“Franchise Agreement”) as a result of a merger, reorganization or sale of all or substantially all of Tenant’s assets. Tenant shall also have the right, without the consent of Landlord, to assign the Form Lease to an entity organized or to be organized by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding interests or stock of the entity or is the managing general partner of the partnership.

4. Notices; Opportunity to Cure. Copies of any demand letters, default notices or other similar notices of non-compliance (“Notice”) sent by Landlord to Tenant shall also be sent to Franchisor at the following address:

Drew McWilliams
IVYBROOK FRANCHISING, LLC
9801 Suzanne Court
Weddington, NC 28173

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, and prior to exercising any remedies under the Form Lease, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon Notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Form Lease.

5. Option to Lease. Landlord hereby agrees that, in the event of (i) in the event of the termination, nonrenewal, or expiration of the Franchise Agreement by and between Tenant and Franchisor; (ii) in the event of the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; (iii) in the event of Tenant's failure to exercise any extension option contained in the Form Lease; or (iv) or as otherwise permitted under the Franchise Agreement, Franchisor, any parent, subsidiary, or affiliated company of Franchisor, or another IVYBROOK ACADEMY franchisee shall have the option to lease the Premises pursuant to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give Notice to Franchisor (at the address set forth herein) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If Franchisor, any parent, subsidiary, or affiliated company of Franchisor, or another IVYBROOK ACADEMY franchisee elects to lease the Premises under any of the conditions set forth in 5(i) to (iv) above, such party shall notify Landlord in writing of its election to exercise this option to lease within thirty (30) days after (1) termination, nonrenewal, or expiration of the Franchise Agreement; (2) Franchisor's receipt of Notice from Landlord that the Form Lease has been terminated; or (3) receipt of Notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease;

(c) If Franchisor, any parent, subsidiary, or affiliated company of Franchisor, or another IVYBROOK ACADEMY franchisee elects to lease the Premises, Franchisor, any parent, subsidiary, or affiliated company of Franchisor, or another IVYBROOK ACADEMY franchisee shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Form Lease) as are contained in the Form Lease; provided, however, that such party's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any such lease shall permit Franchisor to assign the lease or sublease the Premises to a franchisee of Franchisor, any parent, subsidiary, or affiliated company of Franchisor, or another IVYBROOK ACADEMY franchisee for use as an IVYBROOK ACADEMY franchised location; and

(d) Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

6. Access to the Premises; De-identification. Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as an IVYBROOK

ACADEMY franchise location operated by Tenant. Landlord agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises promptly upon termination, nonrenewal, or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Tenant's sole cost and expense. Landlord hereby agrees that Franchisor, its employees, and agents have the right to enter into and temporarily occupy the Premises for all purposes permitted under the Franchise Agreement or to otherwise enforce the Franchise Agreement.

7. Assignment of Interest. This Rider is binding and shall inure to the benefit of Landlord, Tenant, Franchisor, any parent, subsidiary, or affiliated company of Franchisor, and another IVYBROOK ACADEMY franchisee, their assigns, and successors-in-interest. Franchisor, any parent, subsidiary, or affiliated company of Franchisor, and another IVYBROOK ACADEMY franchisee are an intended beneficiaries of this Rider, provided such party shall have no liability for any of Tenant's obligations under the Form Lease. Franchisor signs below for the limited purpose of acknowledging and agreeing to the provisions of this Rider.

8. Non-disturbance from Mortgage Lenders. It is a condition of the Form Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agrees not to disturb Tenant's rights under the Form Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Form Lease beyond any applicable grace or cure period provided therein. If a mortgage, deed of trust or deed to secure debt currently encumbers the Premises, it is a condition precedent to Tenant's obligations under the Form Lease that the holder of such encumbrance enter into a written recordable form of subordination and non-disturbance agreement with Tenant, in a form reasonably acceptable to Tenant, as described above.

9. Security Interest. Any security interest and/or landlord's lien of Landlord in Tenant's trade fixtures, trade dress, signage, equipment and other personal property is hereby subordinated to any security interest and pledge granted to Franchisor in such items.

LANDLORD:

By: _____

Its: _____

Name: _____

TENANT:

By: _____

Its: _____

Name: _____

Agreed to:

FRANCHISOR:
IVYBROOK FRANCHISING LLC

By: _____
Name: _____
Title: _____

Schedule 4 to Franchise Agreement

INTERNET, SOCIAL MEDIA, AND TELEPHONE ASSIGNMENT

This Assignment Agreement (the “Assignment”) is made, and entered into, between IVYBROOK FRANCHISING, LLC, a North Carolina limited liability corporation (“Company”) and the undersigned Franchisee (“Franchisee”).

A. Company and Franchisee have entered into a Franchise Agreement dated _____ (the “Franchise Agreement”), pursuant to which Franchisee was granted the right to operate a IVYBROOK ACADEMY franchised school; and

B. It is the desire of and in the best interests of Company and its franchise system that in the event the Franchise Agreement terminates, expires, or is not renewed, the telephone numbers (including any personal or other cell phone numbers used with the Franchised Business), telephone directory listings, internet addresses, and social media accounts used by Franchisee in connection with the operation of its IVYBROOK ACADEMY franchised business (“Franchised Business”) are assigned to Company.

NOW THEREFORE, in consideration of the foregoing and Company agreeing to enter into the Franchise Agreement, Company and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Company: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating the IVYBROOK ACADEMY franchised business, including any personal or other cellphone numbers used in connection with the franchised business, (ii) all e-mail addresses that use the Marks or that are used by Franchisee in connection with the operation of the Franchised Business, (iii) any Online Presence (as that term is defined in the Franchise Agreement) which uses the Marks, which Franchisee uses in connection with the operation of the Franchised Business, or which Franchisee has been permitted by Company to create, and (iv) all rights, title, and interest in the content of any Online Presence, whether now-existing or adopted by Franchisee in the future (collectively, the “Listings”).

2. This Assignment is for collateral purposes only and, except as specified herein, Company will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee’s use of the Listings unless and until Company notifies the telephone company, listing agencies, internet service providers, or other parties that provide the Listings (collectively, the “Providers”) to effectuate the assignment pursuant to the terms hereof.

3. Upon termination, expiration, or nonrenewal of the Franchise Agreement (without renewal or extension), Company will have the right and is hereby empowered to effectuate the assignment of the Listings to itself or to any third party it designates. In the event Company exercises its assignment rights Franchisee will have no further right, title or interest in the Listings; provided, however, Franchisee will pay all amounts owed in connection with the Listings, including all sums owed to Company, Company’s affiliates, or Company’s approved suppliers under existing contracts for the Listings and immediately, at the Company’s request, (i) take any other action as may be necessary to transfer the Listings to the Company or Company’s designated

agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Company on any or all of the Listings; (iii) disconnect, cancel, delete, remove, or discontinue the Listings; (iv) relist any Listing in a different location or with a new provider, whether published or online; (v) modify the Listing and any content in the Listing; (vi) provide all login or other access credentials to the Listings; and/or (vii) cooperate with Company or its designated agent in undertaking any or all of the foregoing.

4. Franchisee appoints Company as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by the Assignment to Company or Company's designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Company full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any Provider to transfer or modify such Listings, and Franchisee ratifies every act that Company may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Company and is for consideration.

5. The parties agree that the Providers may accept Company's written direction, the Franchise Agreement or this Assignment as conclusive proof of Company's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon a Provider's receipt of such notice from Company or Franchisee. The parties further agree that if the Providers require that the parties execute the Providers' assignment forms or other documentation at the time of termination, expiration or nonrenewal of the Franchise Agreement, Company's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination, expiration, or nonrenewal of the Franchise Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Company is located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All Company's rights inure to Company's benefit and to the benefit of Company's successors and assigns.

Agreed to this date of _____.

FRANCHISEE:

Company:

IVYBROOK FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

**MULTI-STATE ADDENDA TO FRANCHISE AGREEMENT, MULTI-UNIT
DEVELOPMENT AGREEMENT, AND DISCLOSURE DOCUMENT**

**ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT, MULTI-UNIT
DEVELOPMENT AGREEMENT, AND DISCLOSURE DOCUMENT**

Each provision of this Illinois addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Illinois law are met independently without reference to this addendum. Each provision of this Illinois addendum shall be enforceable only to the extent required by applicable Illinois franchise law.

In the State of Illinois only, the following statement is added to Item 5 of the Disclosure Document:

We will defer the collection of the initial franchise and development fees until we have satisfied our pre-opening obligations to you and you have commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

The following statements are added to Item 17 of the Disclosure Document and to the Franchise Agreement and Multi-Unit Development Agreement:

Illinois law governs the Agreements.

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

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement, to the extent required by Illinois law.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements, to the extent required by Illinois law.

Only to the extent required by Illinois law, 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

EXHIBIT B TO THE DISCLOSURE DOCUMENT

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

In the State of Illinois only, Section 3 of the Franchise Agreement is amended to add the following:

Franchisor will defer the collection of the initial franchise and development fees until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

In the State of Illinois only, Section 2 of the Multi-Unit Development Agreement is amended to add the following:

Franchisor will defer the collection of the initial franchise and development fees until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

IVYBROOK FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT, AND DISCLOSURE DOCUMENT

Each provision of this Minnesota addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota law are met independently without reference to this addendum. Each provision of this Minnesota addendum shall be enforceable only to the extent required by applicable Minnesota franchise law.

Disclosure Document:

1. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document 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. This shall not limit our right to hold mediation or arbitration outside of Minnesota.

2. To the extent required by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subs. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

3. Item 13 is revised to include the following language:

“To the extent required by Minnesota law, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement.”

4. Items 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchises act as a condition to renewal or assignment, to the extent required by Minnesota law.

5. To the extent required by Minnesota law, we are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

6. 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.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

Franchise Agreement:

The Franchise Agreement is revised to include the following:

1. To the extent required by Minnesota law, we will comply with Minn. Stat. sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specific cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.
2. To the extent required by the Minnesota Franchises Act, Franchisor will protect Franchisee's right to use the trademarks, service marks, trade names, logo types or other commercial symbols, or indemnify Franchisee from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the name, provided Franchisee is using the names and marks in accordance with the Franchise Agreement.
3. To the extent required by Minnesota law, Franchisor is prohibited from requiring Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.
4. To the extent required by Minnesota law, any provision in the franchise agreement requiring a waiver of Franchisee's rights to a jury trial is hereby deleted. The foregoing shall not limit the enforcement of the arbitration provision of the Franchise Agreement.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Minnesota addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota law are met independently without reference to this addendum. Each provision of this Minnesota addendum shall be enforceable only to the extent required by applicable Minnesota franchise law.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

IVYBROOK FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT, AND DISCLOSURE DOCUMENT

Risk Factor:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$540,700 to \$869,860. This amount exceeds the franchisor's stockholder's equity as of December 31, 2024, which is \$345,862.

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

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

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

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

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

The following statement is added to the Disclosure Document, Multi-Unit Development Agreement, and Franchise Agreement:

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

Each provision of this Virginia addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Virginia law are met independently without reference to this addendum. Each provision of this Virginia addendum shall be enforceable only to the extent required by applicable Virginia franchise law.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FRANCHISEE:

FRANCHISOR:

IVYBROOK FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (“MUDA”) is made between IVYBROOK FRANCHISING, LLC, a North Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”) on the Effective Date.

Background Statement: On the same day as they execute this MUDA, Franchisor and Franchisee have entered into a Franchise Agreement for the franchise of an Ivybrook Academy business (“Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Franchisor and Franchisee desire that Franchisee develop multiple Ivybrook Academy businesses.

1. Multi-Unit Commitment. Franchisee shall develop and open Ivybrook Academy businesses on the following schedule:

| School # | Deadline for Opening | Total # of Schools to be Open and Operating On Deadline | Franchise Fee Payable with MUDA | Franchise Fee Payable with Franchise Agreement |
|-----------------|-----------------------------|--|--|---|
| 1 | | 1 | \$ _____ | \$ _____ |
| 2 | | 2 | \$ _____ | \$ _____ |
| 3 | | 3 | \$ _____ | \$ _____ |

2. Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee for School #1 to Franchisor, plus the amounts in the “Franchise Fee Payable with MUDA” in the column above. Franchisee shall pay the balance of the Franchise Fee for School #2 and School #3 upon executing the applicable Franchise Agreement. If Franchisee does not execute the additional Franchise Agreements, amounts previously paid are not refundable.

3. Form of Agreement. For School #1, Franchisee and Franchisor have executed the Franchise Agreement simultaneously with this MUDA. For each additional Ivybrook Academy franchise, Franchisee shall execute Franchisor’s then-current standard form of franchise agreement prior to the earlier of (i) six months after Franchisee opens the prior School, or (ii) three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate an Ivybrook Academy business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Ivybrook Academy business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Ivybrook Academy business.

4. Development Area. Franchisee shall locate each Ivybrook Academy business it develops under this MUDA within the following area: _____ (“Development Area”). Franchisee acknowledges that it does not have exclusive or protected rights to develop, open or operate Ivybrook Academy businesses in the Development Area.

EXHIBIT C TO THE DISCLOSURE DOCUMENT

5. Default and Termination. Franchisor may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) Franchisor has the right to terminate any franchise agreement between Franchisor and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not Franchisor actually terminates such franchise agreement).

6. Limitation of Liability. Franchisee's commitment to develop Ivybrook Academy businesses is in the nature of an option only. If Franchisor terminates this MUDA for Franchisee's default, Franchisee shall not be liable to Franchisor for lost future revenues or profits from the unopened Ivybrook Academy businesses.

7. Conditions. Franchisee's right to develop each Ivybrook Academy franchise after School #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Ivybrook Academy business, in the reasonable judgment of Franchisor, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Ivybrook Academy businesses, and not in default under any Franchise Agreement or any other agreement with Franchisor.

8. Dispute Resolution; Miscellaneous. The laws of the State of North Carolina (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. Franchisee shall not Transfer this MUDA without the prior written consent of Franchisor, and any Transfer without Franchisor's prior written consent shall be void. The provisions of Article 22 (General Conditions and Provisions) and Article 23 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[Signatures on Next Page]

EXHIBIT C TO THE DISCLOSURE DOCUMENT

Agreed to by:

FRANCHISOR:

IVYBROOK FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date: _____

FOR OHIO RESIDENTS AND FRANCHISEES WITH DEVELOPMENT AREAS AND/OR SCHOOLS IN OHIO: You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

FRANCHISEE:

[if an individual:]

Name: _____

[if an entity:]

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

**FOR OHIO RESIDENTS AND FRANCHISEES WITH DEVELOPMENT AREAS
AND/OR SCHOOLS IN OHIO**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to IVYBROOK FRANCHISING, LLC, 9801 Suzanne Court, Weddington, North Carolina 28173 877-550-1234, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date) _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

**FOR OHIO RESIDENTS AND FRANCHISEES WITH DEVELOPMENT AREAS
AND/OR SCHOOLS IN OHIO**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to IVYBROOK FRANCHISING, LLC, 9801 Suzanne Court, Weddington, North Carolina 28173 877-550-1234, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date) _____

EXHIBIT D TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises for these states. We may register in one or more of these states.

CALIFORNIA:

Commissioner of Financial
Protection & Innovation
Department of Financial
Protection and Innovation
320 West 4th St., Ste. 750
Los Angeles, California 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

HAWAII:

Commissioner of Securities
of the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS:

Kwame Raoul
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Telephone: (217) 782-4465

INDIANA:

Marie Castetter, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
Telephone: (317) 232-6681

MARYLAND:

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MICHIGAN:

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-1152

MINNESOTA:

Minnesota Dept. of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
Saint Paul, MN 55101-2198
Telephone: (651) 539-1600

NEW YORK

New York State Department of Law
Investor Protection Bureau
28 Liberty St., 21st Floor
New York, NY 10005
Telephone: (212) 416-8222

NORTH DAKOTA:

North Dakota Securities Department
Fifth Floor State Capitol, Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

RHODE ISLAND:

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex-Bld 69-1
Cranston, RI 02920
Telephone: (401) 462-9500

SOUTH DAKOTA:

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

EXHIBIT D TO THE DISCLOSURE DOCUMENT

VIRGINIA (Regulatory Authority)
State Corporation Commission,
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Telephone: (804) 371-9051

WASHINGTON:
Address for Service of Process:
Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
Telephone: (360) 902-8760

Mailing address:
Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200

WISCONSIN:
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701
Telephone: (608) 266-3364

EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses, and telephone numbers of the state agencies that require us to appoint them as our agent for service of process if we register there. We may register in none, some, or all of these states. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

CALIFORNIA:

Commissioner of Financial
Protection & Innovation
Department of Financial
Protection and Innovation
320 West 4th St., Ste. 750
Los Angeles, California 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

HAWAII:

Commissioner of Securities
of the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS:

F. Chet Taylor, Director of Securities
Office of the Secretary of State
Securities Department
69 West Washington Street, Suite 1220
Chicago, IL 60602
Telephone: (312) 793-3884

INDIANA:

Marie Castetter, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
Telephone: (317) 232-6681

MARYLAND:

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
Telephone: (410) 576-6360

MICHIGAN:

Linda Cena, Securities Director
Office of Financial & Insurance Regulation
525 West Allegan
1st Floor Constitution Hall
Lansing, MI 48909
Telephone: (517) 241-6345

MINNESOTA:

Minnesota Dept. of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
Saint Paul, MN 55101-2198
Telephone: (651) 539-1500

NEW YORK

Secretary of State
99 Washington Avenue
Albany, NY 12231
(212) 417-5800

NORTH DAKOTA:

North Dakota Securities Department
Fifth Floor State Capitol, Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

EXHIBIT E TO THE DISCLOSURE DOCUMENT

RHODE ISLAND:

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex-Bld 69-1
Cranston, RI 02920
Telephone: (401) 462-9500

SOUTH DAKOTA:

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

VIRGINIA:

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
Telephone: (804) 371-9733

WASHINGTON:

Address for Service of Process:
Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
Telephone: (360) 902-8760

Mailing address:

PO Box 41200
Olympia, WA 98504-1200

WISCONSIN:

Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701
Telephone: (608) 266-3364

EXHIBIT F TO THE DISCLOSURE DOCUMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS AGREEMENT

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS in connection with that certain Franchise Agreement of even date herewith (which Franchise Agreement, as may have been modified, amended and/or supplemented in writing, is hereunder called the Franchise Agreement by and between IVYBROOK FRANCHISING, LLC as “Franchisor” and _____ as “Franchisee”).

A. For valuable consideration received, and as an inducement to Franchisor to enter into the Franchise Agreement, the undersigned (“Guarantor”) hereby unconditionally guarantees to Franchisor, for themselves, their heirs, successors, and assigns: (1) the full and timely performance by Franchisee of the Franchise Agreement and all terms, conditions and covenants thereof, and (2) the payment by Franchisee of royalties and all other sums payable by Franchisee under the Franchise Agreement.

B. Each Guarantor, individually and jointly, hereby agrees to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete, non-solicitation, dispute resolution, and indemnification provisions, and agrees that this Agreement will be construed as though each Guarantor and each of its heirs, successors, and assigns executed an agreement containing the identical terms and conditions of the Franchise Agreement. If a Guarantor is an owner of Franchisee, Guarantor hereby makes all representations of, and accepts and agrees to comply with all obligations of, owners, shareholders, members, and partners of the Franchisee as set forth in the Franchise Agreement.

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

EXHIBIT F TO THE DISCLOSURE DOCUMENT

D. Each Guarantor consents and agrees that: (1) each Guarantor's liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to any or all Guarantors; (3) any liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Agreement, which shall be continuing and irrevocable; and (4) this Agreement shall apply in all modifications to the Franchise Agreement of any nature agreed to by Franchisee with or without any Guarantor receiving notice thereof. Each Guarantor's liability under this Agreement shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and, as applicable, any other guarantors of Franchisee. Each Guarantor shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so. Franchisor may proceed against each Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against any Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. This Agreement is enforceable by and against the respective administrators, executors, heirs, successors, and assigns of each Guarantor, and the death of any Guarantor will not terminate the liability of such Guarantor or limit the liability of other Guarantors hereunder

E. Each Guarantor waives: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and (5) notice of any changes permitted by the terms of the Franchise Agreement or agreed to by the Franchisee.

F. The obligations of Guarantor herein shall be co-extensive with those of Franchisee under the Franchise Agreement and shall remain in effect as long as Franchisee's obligations under the Franchise Agreement are in effect. This Agreement is absolute and unconditioned and shall continue without being affected by any impairment, release or limitation of the liability of Franchisee or its estate in bankruptcy resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or from the decision of any court interpreting the same. Guarantor further agrees to be bound by each and every obligation of Franchisee under the Franchise Agreement, with the same force and effect as if Guarantor were designed in and had executed the Franchise Agreement as Franchisee thereunder.

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

EXHIBIT F TO THE DISCLOSURE DOCUMENT

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

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

I. Any notice or other communication to Franchisor shall be made in accordance with the terms of the Franchise Agreement.

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

K. Guarantor will forthwith pay to Franchisor all attorney's fees and disbursements incurred by Franchisor in connection with any breach or default by Franchisee under the Franchise Agreement and/or the enforcement of this Agreement, in each instance whether or not mediation or a lawsuit or arbitration proceeding is commenced (and if applicable, through appeals and collection efforts).

L. Any sums not paid to Franchisor when due hereunder will bear interest at the rate of 1.5% per annum, from the due date until full payment is received by Franchisor.

M. As a further inducement to Franchisor to make and enter into the Franchise Agreement and in consideration thereof, Guarantor agrees that in any action or proceeding brought on, under or by virtue of this Agreement, Guarantor shall and does hereby waive trial by jury and the benefit of any statute of limitations defense, and Guarantor agrees that the applicable courts of North Carolina may have jurisdiction over Guarantor upon appropriate service on Guarantor anywhere in the United States in a manner in accordance with the laws of North Carolina. Without limiting the foregoing, Guarantor hereby irrevocably appoints Franchisee as Guarantor's agent for service of process related to this Agreement.

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

EXHIBIT F TO THE DISCLOSURE DOCUMENT

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

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

GUARANTOR:

Name: _____

Notice Address:

Name: _____

Notice Address:

EXHIBIT G TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE

[SAMPLE OF GENERAL RELEASE APPLICABLE UPON TRANSFER OR GRANTING OF SUCCESSOR FRANCHISE. NOT FOR EXECUTION WITH THE FRANCHISE AGREEMENT]

FOR AND IN CONSIDERATION of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree and covenant to fully and mutually release the other as follows:

1. Franchisee and its successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, officers, directors, principals, employees and affiliated parties (collectively, the “Franchisee Parties”) do hereby release and forever discharge Franchisor, its successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, officers, directors, principals, employees and affiliated parties (collectively, the “Franchisor Parties”) from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, including, without limitation: (a) arising out of or related to the Franchisor Parties’ obligations under the franchise agreement or (b) otherwise arising from or related to the Franchisee Parties’ relationship, from the beginning of time to the date of Franchisee’s signature below, with any of the Franchisor Parties.

2. Franchisee, on its own behalf and on behalf of the other Franchisee Parties, further covenant not to sue any of the Franchisor Parties on any of the claims released by the preceding paragraph and represent that Franchisee has not assigned any such claims released by the preceding paragraph to any individual or entity who is not bound by this Release. It is understood and agreed that this Release is not to be construed as an admission of liability with respect to the Franchisor Parties.

3. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are consideration for this Release, or otherwise, but any and all of the parties’ respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended except in writing signed by the parties. The terms of this Release are contractual and not a mere recital.

5. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every

EXHIBIT G TO THE DISCLOSURE DOCUMENT

term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

6. The parties hereby covenant and agree that each shall not make, at any time or place, any disparaging remarks, verbally or in writing, concerning any of the parties' actions or perceived omissions, regarding any matter connected with this Release Agreement or otherwise take any action that would disparage or cast doubt upon the business acumen or judgment of any other party. Each party understands and acknowledges that each other party's business and reputation are of special, unique, and extraordinary character, which gives them a particular value, the loss of which cannot reasonably be compensated in damages in an action at law. Accordingly, each party further agrees that in addition to any other rights or remedies that any other party may possess at law, any aggrieved party shall be entitled to injunctive and other equitable relief in order to prevent or remedy a breach of the provisions of this Agreement by any other party hereto.

7. The terms of this Release arose from discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

8. This Release shall be governed by and construed pursuant to the laws of the State of North Carolina.

9. This Release may be executed in two copies, each of which shall be deemed an original.

IF THE FRANCHISED BUSINESS FRANCHISEE OPERATES UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE FRANCHISEE PARTIES. FRANCHISEE RECOGNIZES THAT FRANCHISEE OR THE FRANCHISEE PARTIES MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH FRANCHISEE, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH FRANCHISEE, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

EXHIBIT G TO THE DISCLOSURE DOCUMENT

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR’S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR’S SETTLEMENT WITH THE DEBTOR.”

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT FRANCHISEE HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Franchised Business is located in Maryland or if Franchisee is a resident of Maryland, the following shall apply: Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This release does not apply with respect to claims arising under Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

All releases given by the Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate.

[FRANCHISEE]

IVYBROOK FRANCHISING, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT H TO THE DISCLOSURE DOCUMENT

NONDISCLOSURE AND NON-SOLICITATION AGREEMENT

This "Agreement" is by and between _____, ("Franchisee") and _____ ("Individual").

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____ ("Franchise Agreement") by and between Franchisee and IVYBROOK FRANCHISING, LLC ("Company") regarding the ownership and operation of a franchised business ("Franchised Business") at _____ ("Accepted Location") and which was granted the following "Territory" _____; and

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

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

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to harm Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) daycare, childcare, or preschool services or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company or to any business operated by a publicly-held entity in which Individual owns less than a five percent (5%) legal or beneficial interest.

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

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

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, know-how, techniques, drawings, processes, financial data, financial plans, curriculum, classes, schedules, lesson plans, product plans, intranet information, passwords, lists of actual or potential customers or suppliers; customer and supplier records, electronic code, designs, strategies, training materials,) related to or used in the Franchised Business that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

EXHIBIT H TO THE DISCLOSURE DOCUMENT

b) For the purposes of this Agreement “Confidential Information” means technical and nontechnical information used in or related to the Franchised Business that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Confidential Brand Standards Manual and training guides and materials. In addition, any other information identified as confidential shall be deemed Confidential Information.

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

2. Confidentiality/Nondisclosure.

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

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

3. Non-Solicitation.

- a) During the term of Individual’s relationship with Franchisee, Individual shall not for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity
1. solicit, divert or attempt to solicit or divert any person or party who is or was a customer of the Franchised Business to any Competitive Business; or
 2. solicit, divert, or attempt to solicit or divert, any supplier that has done business with the Franchised Business to provide supplies, products, equipment,

EXHIBIT H TO THE DISCLOSURE DOCUMENT

merchandise, or services to a Competitive Business or to cease to provide supplies, products, equipment, merchandise, or services to IVYBROOK ACADEMY businesses.

- b) Individual shall not (for themselves or through or on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity) for a period of two (2) years after termination of Individual's relationship with Franchisee, regardless of the cause of termination, (a) within a 10-mile radius of the Accepted Location or within the Territory (whichever is greater), or (b) within a 10-mile radius of the location of any other IVYBROOK ACADEMY business in existence at the time of termination:
1. solicit, divert, or attempt to solicit or divert, any supplier that has done business with the Franchised Business during the one (1) year period prior to the date of the termination of Individual's relationship with Franchisee, to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease to provide supplies, products, equipment, merchandise, or services to IVYBROOK ACADEMY businesses; or
 2. solicit, divert or attempt to solicit or divert any person or party that was a customer of the Franchised Business during the one (1) year period prior to the date of the termination of Individual's relationship with Franchisee, to any Competitive Business.

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

5. Relief for Breaches of Confidentiality and Non-Solicitation. Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

EXHIBIT H TO THE DISCLOSURE DOCUMENT

6. Miscellaneous.

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

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

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving the location of Company's then-current principal place of business (currently, Charlotte, North Carolina). The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Company may bring claims for injunctive relief where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

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

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

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

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

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

EXHIBIT H TO THE DISCLOSURE DOCUMENT

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

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

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

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

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

[SIGNATURES APPEAR ON NEXT PAGE]

EXHIBIT H TO THE DISCLOSURE DOCUMENT

IN WITNESS WHEREOF, the parties have executed this Agreement.

FRANCHISEE:

By: _____
Name: _____
Its: _____

INDIVIDUAL:

Signature: _____
Name Printed: _____

EXHIBIT H TO THE DISCLOSURE DOCUMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This “Agreement” is by and between _____, (“Franchisee”) and _____ (“Individual”).

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____ (“Franchise Agreement”) by and between Franchisee and IVYBROOK FRANCHISING, LLC (“Company”) regarding the ownership and operation of a franchised business (“Franchised Business”) at _____ (“Accepted Location”) and which was granted the following “Territory” _____; and

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

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

WHEREAS, Individual understands the necessity of using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) daycare, childcare, or preschool services or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company’s other franchisees (hereinafter, “Competitive Business”); provided, however, that the term “Competitive Business” shall not apply to any business operated by Franchisee under a Franchise Agreement with Company or to any business operated by a publicly-held entity in which Individual owns less than a five percent (5%) legal or beneficial interest.

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

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

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

EXHIBIT H TO THE DISCLOSURE DOCUMENT

b) For the purposes of this Agreement “Confidential Information” means technical and nontechnical information used in or related to the Franchised Business that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Confidential Brand Standards Manual and training guides and materials. In addition, any other information identified as confidential shall be deemed Confidential Information.

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

2. Confidentiality/Nondisclosure.

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

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

3. Noncompetition.

- a) During the term of Individual’s relationship with Franchisee, Individual shall not for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:
1. divert or attempt to divert any business or customer of Franchisee to any Competitive Business;
 2. do or perform any other act injurious or prejudicial to the goodwill associated with the Company’s trademark “Ivybrook Academy” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia,

EXHIBIT H TO THE DISCLOSURE DOCUMENT

fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with the Franchised Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of a Franchised Business;

3. franchise, license, own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

b) Individual shall not (for themselves or through or on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity) for a period of two (2) years after termination of Individual's relationship with Franchisee, regardless of the cause of termination, (a) within a 10-mile radius of the Accepted Location or within the Territory (whichever is greater), or (b) within a 10-mile radius of the location of any other IVYBROOK ACADEMY business in existence at the time of termination:

1. engage in any Competitive Business as an officer, director, employee, consultant, manager, operator, or independent contractor in any capacity in which Individual would be in a position to use or disclose Confidential Information; or
2. own an interest in, or franchise or license, or operate a Competitive Business.

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

5. Relief for Breaches of Noncompetition. Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

EXHIBIT H TO THE DISCLOSURE DOCUMENT

6. Miscellaneous.

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

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

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving the location of Company's then-current principal place of business (currently, Charlotte, North Carolina). The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Company may bring claims for injunctive relief where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

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

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

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

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

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

EXHIBIT H TO THE DISCLOSURE DOCUMENT

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

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

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

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

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

[SIGNATURES APPEAR ON NEXT PAGE]

EXHIBIT H TO THE DISCLOSURE DOCUMENT

IN WITNESS WHEREOF, the parties have executed this Agreement.

FRANCHISEE:

By: _____
Name: _____
Title: _____

INDIVIDUAL:

Signature: _____
Name Printed: _____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

**IVYBROOK ACADEMY
CONFIDENTIAL BRAND STANDARDS MANUAL**

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FINANCIAL STATEMENTS

IVYBROOK FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024, and 2023



IVYBROOK FRANCHISING, LLC

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Independent Auditor's Report

To the Members
Ivybrook Franchising, LLC
Weddington, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Ivybrook Franchising, LLC as of December 31, 2024, and 2023 and the related statements of operations, members' equity and cash flows for the years ended December 31, 2024, 2023 and 2022, and the related notes to financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Ivybrook Franchising, LLC as of December 31, 2024, and 2023 and the results of their operations and their cash flows for the year ended December 31, 2024, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

2580 East Harmony Road, Ste. 301-10 • Ft. Collins, CO 80528
Office: (303) 999-6485



- 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 Ivybrook Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Ivybrook Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

Reese CPA LLC

Ft. Collins, Colorado
March 13, 2025

EXHIBIT J TO THE DISCLOSURE DOCUMENT

**IVYBROOK FRANCHISING, LLC
BALANCE SHEETS**

| | <u>AS OF DECEMBER 31,</u> | |
|---|---------------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| ASSETS: | | |
| CURRENT ASSETS | | |
| Cash and equivalents | \$ 300,274 | \$ 313,981 |
| Accounts receivable | 138,336 | 108,995 |
| Deferred license commissions, current | 10,000 | 10,000 |
| Deferred franchise acquisition costs, current | 498,567 | 372,879 |
| TOTAL CURRENT ASSETS | <u>947,177</u> | <u>805,855</u> |
| NON-CURRENT ASSETS | | |
| Property and equipment, net | 443,787 | 461,831 |
| Franchise acquisition costs | 2,083,043 | 1,622,552 |
| Deferred license commissions | 10,000 | 20,000 |
| Due from affiliates | 410,358 | - |
| TOTAL ASSETS | <u>\$ 3,894,365</u> | <u>\$ 2,910,238</u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 36,978 | \$ 22,611 |
| Due to affiliates | - | 32,642 |
| Due to members | 27,500 | 27,500 |
| Deferred non-refundable license fees, current | 25,000 | 25,000 |
| Deferred non-refundable franchise fees, current | 710,067 | 531,567 |
| TOTAL CURRENT LIABILITIES | <u>799,545</u> | <u>639,320</u> |
| LONG-TERM LIABILITIES | | |
| Deferred non-refundable franchise fees, long-term | 2,723,958 | 2,172,911 |
| Deferred non-refundable license fees, long-term | 25,000 | 50,000 |
| TOTAL LIABILITIES | <u>3,548,503</u> | <u>2,862,231</u> |
| MEMBERS' EQUITY | 345,862 | 48,007 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | <u>\$ 3,894,365</u> | <u>\$ 2,910,238</u> |

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

EXHIBIT J TO THE DISCLOSURE DOCUMENT

**IVYBROOK FRANCHISING, LLC
STATEMENTS OF OPERATIONS**

| | FOR THE YEAR ENDED DECEMBER 31, | | |
|---------------------------------|--|-------------------|-------------------|
| | 2024 | 2023 | 2022 |
| REVENUES | | | |
| Royalty fees | \$ 1,361,217 | \$ 1,111,492 | \$ 695,500 |
| Franchise fees | 517,953 | 493,396 | 470,350 |
| License fees | 25,000 | 25,000 | 25,000 |
| Other revenues | 267,193 | 203,543 | 184,888 |
| TOTAL REVENUES | <u>2,171,363</u> | <u>1,833,431</u> | <u>1,375,738</u> |
| COST OF SALES | <u>524,698</u> | <u>676,948</u> | <u>451,723</u> |
| GROSS PROFIT | 1,646,665 | 1,156,483 | 924,015 |
| OPERATING EXPENSES | | | |
| Payroll and related costs | 655,157 | 394,407 | 363,903 |
| General and administrative | 311,224 | 221,004 | 157,072 |
| Professional services | 134,062 | 52,672 | 44,515 |
| Advertising expense | 118,504 | 30,889 | 31,065 |
| Depreciation | 18,044 | 22,006 | 18,221 |
| TOTAL OPERATING EXPENSES | <u>1,236,991</u> | <u>720,978</u> | <u>614,776</u> |
| OPERATING INCOME | 409,674 | 435,505 | 309,239 |
| OTHER (EXPENSE) | | | |
| Interest expense | (138) | | |
| Tax expense | (96,481) | | |
| TOTAL OTHER (EXPENSE) | <u>(96,619)</u> | <u>-</u> | <u>-</u> |
| NET INCOME | <u>\$ 313,055</u> | <u>\$ 435,505</u> | <u>\$ 309,239</u> |

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

**IVYBROOK FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

| | <u>Members' Contributions</u> | <u>Accumulated Earnings</u> | <u>Total Members' Equity</u> |
|-----------------------------------|-----------------------------------|---------------------------------|--------------------------------------|
| BALANCE, DECEMBER 31, 2021 | \$ 79,222 | \$ 56,885 | \$ 136,107 |
| Member distributions | - | (300,000) | (300,000) |
| Net income | - | 309,239 | 309,239 |
| BALANCE, DECEMBER 31, 2022 | 79,222 | 66,124 | 145,346 |
| Member distributions | - | (532,844) | (532,844) |
| Net income | - | 435,505 | 435,505 |
| BALANCE, DECEMBER 31, 2023 | 79,222 | (31,215) | 48,007 |
| Member distributions | - | (15,200) | (15,200) |
| Net income | - | 313,055 | 313,055 |
| BALANCE, DECEMBER 31, 2024 | <u>\$ 79,222</u> | <u>\$ 266,640</u> | <u>\$ 345,862</u> |

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

EXHIBIT J TO THE DISCLOSURE DOCUMENT

**IVYBROOK FRANCHISING, LLC
STATEMENTS OF CASH FLOWS**

| | FOR THE YEAR ENDED DECEMBER 31, | | |
|--|--|--------------------------|--------------------------|
| | 2024 | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | \$ 313,055 | \$ 435,505 | \$ 309,239 |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation | 18,044 | 22,006 | 18,221 |
| Recognition of deferred license commissions | 10,000 | 10,000 | 10,000 |
| Recognition of franchise development costs | 331,221 | 464,555 | 380,553 |
| Recognition of non-refundable deferred license fees | (25,000) | (25,000) | (25,000) |
| Recognition of non-refundable deferred franchise fees | (517,953) | (518,396) | (470,350) |
| Changes in assets and liabilities | | | |
| Accounts receivable | (29,341) | (48,995) | (10,000) |
| Franchise development costs | (917,400) | (923,000) | (783,400) |
| Accounts payable and accrued expenses | 14,367 | 6,275 | 7,815 |
| Non-refundable deferred franchise fees | 1,247,500 | 1,155,000 | 875,000 |
| Net cash provided by operating activities | <u>444,493</u> | <u>577,950</u> | <u>312,078</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property and equipment | - | (264,250) | (83,918) |
| Net cash (used) in investing activities | <u>-</u> | <u>(264,250)</u> | <u>(83,918)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Due from (to) affiliate | (443,000) | 211,448 | (37,156) |
| Member distributions | (15,200) | (532,844) | (300,000) |
| Net cash provided (used) by financing activities | <u>(458,200)</u> | <u>(321,396)</u> | <u>(337,156)</u> |
| NET INCREASE IN CASH | (13,707) | (7,696) | (108,996) |
| CASH, beginning of year | 313,981 | 321,677 | 430,673 |
| CASH, end of year | <u>\$ 300,274</u> | <u>\$ 313,981</u> | <u>\$ 321,677</u> |
| SUPPLEMENTAL DISCLOSURES | | | |
| Cash paid for interest | \$ - | \$ - | \$ - |
| Cash paid for taxes | \$ - | \$ - | \$ - |

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

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Ivybrook Franchising, LLC (“the Company”) was formed on March 26, 2015 (Inception) in the state of North Carolina, as a limited liability company. The Company was formed to offer for sale franchises to operate a comprehensive preschool. The main activity of the franchise is to provide an exceptional children’s preschool environment through curriculum, involvement and learning environment. Each franchisee will operate in an exclusive territory under the licensed principal trademark “Ivybrook Academy” ® and other current or future “Marks”.

Affiliates

McWilliams Education Services, LLC (“MES”) which was formed on July 27, 2007, in the state of North Carolina as a limited liability company. MES is the Company’s prototype and operates one Ivybrook Academy. MES does not offer and has never offered franchises in this or any line of business.

McWilliams Properties, LLC (“MP”) was formed June 14, 2005, in the State of North Carolina. MP does not operate an Ivybrook Academy location nor offer and has never offered franchises in this or any line of business. MP owns the principal trademark “Ivybrook Academy” ® and has licensed to the Company the right to use the trademarks and to sublicense the trademarks to franchisees throughout the United States under an exclusive license agreement. The agreement is for an initial term of 20 years and renews automatically for successive 20-year periods.

Catapult Industries, LLC, (“CI”) was formed October 25, 2022, in the State of Virginia. Catapult Industries, LLC does not operate a business of the type being offered nor offer franchises in this or any line of business. CI develops and offers software. CI is the exclusive supplier of the childcare management software, The Student Hub, that franchisees are required to use.

A summary of significant accounting policies follows:

Accounting Principles

The accompanying financial statements have been prepared in conformity with and in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Limited Liability Company

The Company is a limited liability company. No member, manager, agent, or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual. Each member's liability is limited to amounts reflected in their respective member equity accounts.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023, respectively.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not record an allowance for uncollectible accounts on December 31, 2024, and 2023.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally five to thirty years). Maintenance and repair costs are expensed as incurred. Expenditures that extend the useful lives of property and equipment are capitalized.

Revenue Recognition and Deferred Non-Refundable Franchise Fee Revenue

The Company recognizes revenue under the guidance of ASC 6060, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases an Ivybrook franchise, the Company grants the franchise the right to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). This is considered to be symbolic intellectual property. Revenues related to the license are continuing royalties that are 6.0% of total gross revenues. These revenues are used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed monthly and are recognized as revenue when earned.

IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Deferred Non-Refundable Franchise Fee Revenue (continued)

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the symbolic intellectual property. These consist primarily include real estate services, training services, opening support services and franchisee acquisition and acceptance. The Company is using the practical expedient under the guidance of ASU 2022-02 and is treating all pre-opening activities as distinct from the franchise license as defined in the next paragraph. Amounts are allocated to the pre-opening activities as specified in the franchise contract. The Company has determined that 50% of the initial franchise fee as specified in the franchise contract is allocable to the pre-opening obligations in the franchise contract to which no specific value has been attached. Revenue from initial fees is recognized when the performance obligation is satisfied, and control of the goods or service has been transferred to the franchisee. Performance obligations that are normally satisfied by the opening of the franchised business to the public are determined to be earned during the period from the execution of the contract to the opening of the franchised business which is generally less than one year. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred non-refundable revenue and recognized as revenue over the term of the contract, which is currently 15 years from the date the franchisee opens the franchise business to the public. Incremental costs of obtaining a franchise agreement with a franchisee related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as a cost of sales over the same term as the related performance obligation which is currently 15 years.

Revenues from licensing fees are recognized on a straight-line basis over the life of the licensing agreement.

Brand Development Fund Contribution

The Company has established a brand development fund contribution to provide regional and national advertising for the benefit of the franchisees. The advertising fee is collected monthly and is 1% of the total gross revenue.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2024, 2023 and 2022 were \$118,504, \$30,889, and \$31,065, respectively.

Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company’s evaluation was performed for the tax periods ending December 31, 2024, 2023 and 2022 for U.S. Federal Income Tax and for the State of North Carolina Income Tax, the tax years which remain subject to examination by major tax jurisdictions as of December 31, 2024.

Beginning with the year ending December 31, 2024, the members of the Company have pushed down to the Company the amount of income taxes that would be paid by the Company if the Company reported at a “C Corporation” for income tax purposes.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CONTRACT BALANCES

The Company has recognized certain assets and liabilities related to the Company’s contracts with franchisees. The account balances and activity are as follows:

| | December 31, | |
|--|--------------|--------------|
| | 2024 | 2023 |
| Franchise Acquisition Costs: | | |
| Balance Beginning of year | \$ 1,995,431 | \$ 1,536,986 |
| Deferral of franchise acquisition costs | 917,400 | 923,000 |
| Recognition of franchise acquisition costs | (331,221) | (464,555) |
| Balance at End of Year | \$ 2,581,610 | \$ 1,995,431 |
| Deferred Non-refundable Franchise Fees: | | |
| Balance Beginning of year | \$ 2,704,478 | \$ 2,067,874 |
| Deferral of non-refundable franchise fees | 1,247,500 | 1,155,000 |
| Recognition of non-refundable franchise fees | (517,953) | (518,396) |
| Balance at End of Year | \$ 3,434,025 | \$ 2,704,478 |
| Deferred License Commissions | | |
| Balance Beginning of year | \$ 30,000 | \$ 40,000 |
| Advances applied to accounts receivable | (10,000) | (10,000) |
| Balance at End of Year | \$ 20,000 | \$ 30,000 |
| Deferred non-refundable license fees | | |
| Balance Beginning of year | \$ 75,000 | \$ 100,000 |
| Advances applied to accounts receivable | (25,000) | (25,000) |
| Balance at End of Year | \$ 50,000 | \$ 75,000 |

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company’s contracts with franchisees for the years ended December 31, 2024, 2023 and 2022, is as follows:

| | 2024 | 2023 | 2022 |
|--|--------------|--------------|--------------|
| Performance obligations earned at a point in time | \$ 2,098,410 | \$ 1,617,535 | \$ 1,257,888 |
| Performance obligations earned through the passage of time | 72,953 | 215,896 | 117,850 |
| Total revenues | \$ 2,171,363 | \$ 1,833,431 | \$ 1,375,738 |

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Estimated Recognition of Non-refundable Deferred Franchise Fees

Estimated revenues to be recognized in future periods related to non-refundable deferred franchise fees and related franchise acquisition costs as reported in the balance sheet on December 31, 2024, is as follows:

| | <u>Franchise Acquisition Costs</u> | <u>Non-refundable Franchise Fees</u> |
|--------------------------|--|--|
| Year ending December 31: | | |
| 2025 | \$ 498,567 | \$ 710,067 |
| 2026 | 392,134 | 502,467 |
| 2027 | 284,181 | 397,800 |
| 2028 | 175,863 | 225,633 |
| 2029 | 136,685 | 183,133 |
| Thereafter | <u>1,094,390</u> | <u>1,414,925</u> |
| | <u>\$ 2,581,820</u> | <u>\$ 3,434,025</u> |

NOTE 3 – LICENSING AGREEMENT

During 2017, the Company entered into a licensing agreement with a licensee. The agreement grants the use of the Company’s curriculum, daily lesson plans, operation manuals, administrative forms, paperwork, and parent communication letters. The licensee paid a fee of \$250,000. The term of the agreement is 10 years. The Company paid a commission to a third party in securing the agreement of \$100,000. Consistent with the Company’s accounting policy the revenue and commission paid will be recognized on a straight-line basis over the 10-year term of the agreement.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following on December 31:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|-------------------|-------------------|
| Building and leasehold improvements | \$ 160,799 | \$ 160,799 |
| Operating equipment and furniture | <u>382,471</u> | <u>382,471</u> |
| | 543,270 | 543,270 |
| Accumulated depreciation | <u>(99,483)</u> | <u>(81,439)</u> |
| | <u>\$ 443,787</u> | <u>\$ 461,831</u> |

Depreciation expense was \$18, 044, \$22,006, and \$18,221 for the years ended December 31, 2024, 2023 and 2022, respectively.

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RELATED PARTY TRANSACTIONS

Amounts Due to/from Affiliates

From time to time the Company and its affiliate may advance amounts to each other on a short term, zero interest and no due date agreement. Amounts owed by the Company's affiliates totaled \$410,358 and amounts owed to the Company's affiliates totaled \$32,642 as of December 31, 2024, and as of December 31, 2023.

Due to Member

During 2022 members of the Company advanced funds in support of the Company's operations. The amount is due on demand, bears no interest and is not collateralized. The amount outstanding as of December 31, 2024, and 2023 was \$ 27,500 and \$27,500.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 7 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 13, 2025, the date on which the financial statements were available to be issued.

IVYBROOK FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2023, and 2022



IVYBROOK FRANCHISING, LLC

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Independent Auditor's Report

To the Members
Ivybrook Franchising, LLC
Weddington, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Ivybrook Franchising, LLC as of December 31, 2023, and 2022 and the related statements of operations, members' equity (deficit) and cash flows for the years ended December 31, 2023, 2022 and 2021, and the related notes to financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Ivybrook Franchising, LLC as of December 31, 2023, and 2022 and the results of their operations and their cash flows for the year ended December 31, 2023, 2022 and 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

2580 East Harmony Road, Ste. 301-10 • Ft. Collins, CO 80528
Office: (303) 999-6485



- 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 Ivybrook Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Ivybrook Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

Reese CPA LLC

Ft. Collins, Colorado
March 11, 2024

EXHIBIT J TO THE DISCLOSURE DOCUMENT

**IVYBROOK FRANCHISING, LLC
BALANCE SHEETS**

| | AS OF DECEMBER 31, | |
|---|---------------------------|---------------------|
| | 2023 | 2022 |
| ASSETS: | | |
| CURRENT ASSETS | | |
| Cash and equivalents | \$ 313,981 | \$ 321,677 |
| Accounts receivable | 108,995 | 60,000 |
| Deferred license commissions, current | 10,000 | 10,000 |
| Deferred franchise acquisition costs, current | 372,879 | 239,643 |
| TOTAL CURRENT ASSETS | 805,855 | 631,320 |
| PROPERTY AND EQUIPMENT, NET | 461,831 | 219,587 |
| FRANCHISE ACQUISITION COSTS | 1,622,552 | 1,297,343 |
| DEFERRED LICENSE COMMISSIONS | 20,000 | 30,000 |
| DUE FROM AFFILIATE | - | 178,806 |
| TOTAL ASSETS | \$ 2,910,238 | \$ 2,357,056 |
| | | |
| LIABILITIES AND MEMBERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 22,611 | \$ 16,336 |
| Due to affiliates | 32,642 | - |
| Due to members | 27,500 | 27,500 |
| Deferred non-refundable license fees, current | 25,000 | 25,000 |
| Deferred non-refundable franchise fees, current | 531,567 | 320,233 |
| TOTAL CURRENT LIABILITIES | 639,320 | 389,069 |
| | | |
| LONG-TERM LIABILITIES | | |
| Deferred non-refundable franchise fees, long-term | 2,172,911 | 1,747,641 |
| Deferred non-refundable license fees, long-term | 50,000 | 75,000 |
| TOTAL LIABILITIES | 2,862,231 | 2,211,710 |
| | | |
| MEMBERS' EQUITY | 48,007 | 145,346 |
| | | |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$ 2,910,238 | \$ 2,357,056 |

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

EXHIBIT J TO THE DISCLOSURE DOCUMENT

**IVYBROOK FRANCHISING, LLC
STATEMENTS OF OPERATIONS**

| | FOR THE YEAR ENDED DECEMBER 31, | | |
|---------------------------------|--|-------------------|-------------------|
| | 2023 | 2022 | 2021 |
| REVENUES | | | |
| Royalty fees | \$ 1,111,492 | \$ 695,500 | \$ 398,544 |
| Franchise fees | 493,396 | 470,350 | 274,416 |
| License fees | 25,000 | 25,000 | 40,000 |
| Other revenues | 203,543 | 184,888 | 85,350 |
| TOTAL REVENUES | <u>1,833,431</u> | <u>1,375,738</u> | <u>798,310</u> |
| COST OF SALES | <u>676,948</u> | <u>451,723</u> | <u>211,128</u> |
| GROSS PROFIT | 1,156,483 | 924,015 | 587,182 |
| OPERATING EXPENSES | | | |
| Payroll and related costs | 394,407 | 363,903 | 310,038 |
| General and administrative | 221,004 | 157,072 | 128,591 |
| Advertising expense | 30,889 | 31,065 | 30,994 |
| Professional services | 52,672 | 44,515 | 16,686 |
| Depreciation | 22,006 | 18,221 | 11,944 |
| TOTAL OPERATING EXPENSES | <u>720,978</u> | <u>614,776</u> | <u>498,253</u> |
| OPERATING INCOME | 435,505 | 309,239 | 88,929 |
| OTHER INCOME (EXPENSE) | - | - | 49,665 |
| NET INCOME | <u>\$ 435,505</u> | <u>\$ 309,239</u> | <u>\$ 138,594</u> |

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

EXHIBIT J TO THE DISCLOSURE DOCUMENT

**IVYBROOK FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

| | <u>Members' Contributions</u> | <u>Accumulated Earnings (Deficit)</u> | <u>Total Members' Equity (Deficit)</u> |
|-----------------------------------|-----------------------------------|---|--|
| BALANCE, DECEMBER 31, 2020 | \$ 79,222 | \$ (81,709) | \$ (2,487) |
| Net income | - | 138,594 | 138,594 |
| BALANCE, DECEMBER 31, 2021 | 79,222 | 56,885 | 136,107 |
| Member distributions | - | (300,000) | (300,000) |
| Net income | - | 309,239 | 309,239 |
| BALANCE, DECEMBER 31, 2022 | 79,222 | 66,124 | 145,346 |
| Member distributions | - | (532,844) | (532,844) |
| Net income | - | 435,505 | 435,505 |
| BALANCE, DECEMBER 31, 2023 | <u>\$ 79,222</u> | <u>\$ (31,215)</u> | <u>\$ 48,007</u> |

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

EXHIBIT J TO THE DISCLOSURE DOCUMENT

**IVYBROOK FRANCHISING, LLC
STATEMENTS OF CASH FLOWS**

| | FOR THE YEAR ENDED DECEMBER 31, | | |
|--|--|-------------------|-------------------|
| | 2023 | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | \$ 435,505 | \$ 309,239 | \$ 138,594 |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation | 22,006 | 18,221 | 11,944 |
| Recognition of deferred license commissions | 10,000 | 10,000 | 10,000 |
| Recognition of franchise development costs | 464,555 | 380,553 | 167,510 |
| Recognition of non-refundable deferred license fees | (25,000) | (25,000) | (25,000) |
| Recognition of non-refundable deferred franchise fees | (518,396) | (470,350) | (399,866) |
| Changes in assets and liabilities | | | |
| Accounts receivable | (48,995) | (10,000) | 42,805 |
| Franchise development costs | (923,000) | (783,400) | (263,400) |
| Accounts payable and accrued expenses | 6,275 | 7,815 | 2,582 |
| Non-refundable deferred franchise fees | 1,155,000 | 875,000 | 452,950 |
| Net cash provided by operating activities | <u>577,950</u> | <u>312,078</u> | <u>138,119</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property and equipment | (264,250) | (83,918) | (49,931) |
| Net cash (used) in investing activities | <u>(264,250)</u> | <u>(83,918)</u> | <u>(49,931)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Due from (to) affiliate | 211,448 | (37,156) | (800) |
| Member distributions | (532,844) | (300,000) | - |
| Net cash provided (used) by financing activities | <u>(321,396)</u> | <u>(337,156)</u> | <u>(800)</u> |
| NET INCREASE IN CASH | (7,696) | (108,996) | 87,388 |
| CASH, beginning of year | <u>321,677</u> | <u>430,673</u> | <u>343,285</u> |
| CASH, end of year | <u>\$ 313,981</u> | <u>\$ 321,677</u> | <u>\$ 430,673</u> |
| SUPPLEMENTAL DISCLOSURES | | | |
| Cash paid for interest | \$ - | \$ - | \$ - |
| Cash paid for taxes | \$ - | \$ - | \$ - |

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

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ivybrook Franchising, LLC (“the Company”) was formed on March 26, 2015 (Inception) in the state of North Carolina, as a limited liability company. The Company was formed to offer for sale franchises to operate a comprehensive preschool. The main activity of the franchise is to provide an exceptional children’s preschool environment through curriculum, involvement and learning environment. Each franchisee will operate in an exclusive territory under the licensed principal trademark “Ivybrook Academy” ® and other current or future “Marks”.

Affiliates

McWilliams Education Services, LLC (“MES”) which was formed on July 27, 2007, in the state of North Carolina as a limited liability company. MES is the Company’s prototype and operates one Ivybrook Academy. MES does not offer and has never offered franchises in this or any line of business.

McWilliams Properties, LLC (“MP”) was formed June 14, 2005, in the State of North Carolina. MP does not operate an Ivybrook Academy location nor offer and has never offered franchises in this or any line of business. MP owns the principal trademark “Ivybrook Academy” ® and has licensed to the Company the right to use the trademarks and to sublicense the trademarks to franchisees throughout the United States under an exclusive license agreement. The agreement is for an initial term of 20 years and renews automatically for successive 20-year periods.

Catapult Industries, LLC, (“CI”) was formed October 25, 2021, in the State of Virginia. Catapult Industries, LLC does not operate a business of the type being offered nor offer franchises in this or any line of business. CI develops and offers software. CI is the exclusive supplier of the childcare management software, The Student Hub, that franchisees are required to use.

Locations

Changes in the number of locations for the years ended December 31, 2023, 2022 and 2021 consist of the following:

| | 2023 | 2022 | 2021 |
|-----------------------------------|------|------|------|
| Locations in operation, beginning | 29 | 19 | 13 |
| Locations opened | 5 | 10 | 6 |
| Locations terminated or closed | - | - | - |
| Locations in operation, ending | 34 | 29 | 19 |
| | | | |
| Franchised locations | 33 | 28 | 18 |
| Affiliate owned units | 1 | 1 | 1 |

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Accounting Principles

The accompanying financial statements have been prepared in conformity with and in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Limited Liability Company

The Company is a limited liability company. No member, manager, agent, or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual. Each member's liability is limited to amounts reflected in their respective member equity accounts.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022, respectively.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not record an allowance for uncollectible accounts on December 31, 2023, and 2022.

IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Deferred Non-Refundable Franchise Fee Revenue

The Company recognizes revenue under the guidance of ASC 6060, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases an Ivybrook franchise, the Company grants the franchise the right to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). This is considered to be symbolic intellectual property. Revenues related to the license are continuing royalties that are 6.0% of total gross revenues. These revenues are used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed monthly and are recognized as revenue when earned.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the symbolic intellectual property. These consist primarily include real estate services, training services, opening support services and franchisee acquisition and acceptance. The Company is using the practical expedient under the guidance of ASU 2021-02 and is treating all pre-opening activities as distinct from the franchise license as defined in the next paragraph. Amounts are allocated to the pre-opening activities as specified in the franchise contract. The Company has determined that 50% of the initial franchise fee as specified in the franchise contract is allocable to the pre-opening obligations in the franchise contract to which no specific value has been attached. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Performance obligations that are normally satisfied by the opening of the franchised business to the public are determined to be earned during the period from the execution of the contract to the opening of the franchised business which is generally less than one year. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred non-refundable revenue and recognized as revenue over the term of the contract which is currently 15 years from the date the franchisee opens the franchise business to the public. Incremental costs of obtaining a franchise agreement with a franchisee related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as cost of sales over the same term as the related performance obligation which is currently 15 years.

Revenues from licensing fees are recognized on a straight-line basis over the life of the licensing agreement.

Brand Development Fund Contribution

The Company has established a brand development fund contribution to provide regional and national advertising for the benefit of the franchisees. The advertising fee is collected monthly and is 1% of the total gross revenue.

IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally five to thirty years). Maintenance and repair costs are expensed as incurred. Expenditures that extend the useful lives of property and equipment are capitalized.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023, 2022 and 2021 were \$30,889, \$31,065, and \$30,994, respectively.

Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

Income Taxes

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

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company's evaluation was performed for the tax periods ending December 31, 2023, 2022 and 2021 for U.S. Federal Income Tax and for the State of North Carolina Income Tax, the tax years which remain subject to examination by major tax jurisdictions as of December 31, 2023.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CONTRACT BALANCES

The Company has recognized certain assets and liabilities related to the Company’s contracts with franchisees. The account balances and activity are as follows:

| | December 31, | |
|--|--------------|--------------|
| | 2023 | 2022 |
| Franchise Acquisition Costs: | | |
| Balance Beginning of year | \$ 1,536,986 | \$ 1,134,139 |
| Deferral of franchise acquisition costs | 923,000 | 783,400 |
| Recognition of franchise acquisition costs | (464,555) | (380,553) |
| Balance at End of Year | \$ 1,995,431 | \$ 1,536,986 |
| Deferred Non-refundable Franchise Fees: | | |
| Balance Beginning of year | \$ 2,067,874 | \$ 1,663,224 |
| Deferral of non-refundable franchise fees | 1,155,000 | 875,000 |
| Recognition of non-refundable franchise fees | (518,396) | (470,350) |
| Balance at End of Year | \$ 2,704,478 | \$ 2,067,874 |
| Deferred License Commissions | | |
| Balance Beginning of year | \$ 40,000 | \$ 50,000 |
| Advances applied to accounts receivable | (10,000) | (10,000) |
| Balance at End of Year | \$ 30,000 | \$ 40,000 |
| Deferred non-refundable license fees | | |
| Balance Beginning of year | \$ 100,000 | \$ 125,000 |
| Advances applied to accounts receivable | (25,000) | (25,000) |
| Balance at End of Year | \$ 75,000 | \$ 100,000 |

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company’s contracts with franchisees for the years ended December 31, 2023, 2022 and 2021, is as follows:

| | 2023 | 2022 | 2021 |
|---|--------------|--------------|------------|
| Performance obligations satisfied at a point in time | \$ 1,617,535 | \$ 1,257,888 | \$ 708,894 |
| Performance obligations satisfied through the passage of time | 215,896 | 117,850 | 89,416 |
| Total revenues | \$ 1,833,431 | \$ 1,375,738 | \$ 798,310 |

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Estimated Recognition of Non-refundable Deferred Franchise Fees

Estimated revenues to be recognized in future periods related to non-refundable deferred franchise fees and related franchise acquisition costs as reported in the balance sheet on December 31, 2023, is as follows:

| | Franchise Acquisition Costs | Non-refundable Franchise Fees |
|--------------------------|--------------------------------|----------------------------------|
| Year ending December 31: | | |
| 2024 | \$ 372,879 | \$ 531,567 |
| 2025 | 195,243 | 334,967 |
| 2026 | 121,517 | 140,800 |
| 2027 | 85,125 | 113,467 |
| 2028 | 67,219 | 104,133 |
| Thereafter | 1,153,658 | 1,479,544 |
| | \$ 1,995,641 | \$ 2,704,478 |

NOTE 3 – LICENSING AGREEMENT

During 2017, the Company entered into a licensing agreement with a licensee. The agreement grants the use of the Company’s curriculum, daily lesson plans, operation manuals, administrative forms, paperwork, and parent communication letters. The licensee paid a fee of \$250,000. The term of the agreement is for 10 years. The Company paid a commission to a third party in securing the agreement of \$100,000. Consistent with the Company’s accounting policy the revenue and commission paid will be recognized on a straight-line basis over the 10-year term of the agreement.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following on December 31:

| | 2023 | 2022 |
|-------------------------------------|-------------|-------------|
| Building and leasehold improvements | \$ 160,799 | \$ 160,799 |
| Operating equipment and furniture | 382,471 | 118,221 |
| | 543,270 | 279,020 |
| Accumulated depreciation | (81,439) | (59,433) |
| | \$ 461,831 | \$ 219,587 |

Depreciation expense was \$22,006, \$18,221, and \$11,944 for the years ended December 31, 2023, 2022 and 2021, respectively.

**IVYBROOK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RELATED PARTY TRANSACTIONS

Amounts Due to/from Affiliates

From time to time the Company and its affiliate may advance amounts to each other on a short term, zero interest and no due date agreement. Amounts owed to the Company's affiliates totaled \$32,642 as of December 31, 2023, and amounts owed by the Company's affiliates totaled \$178,806 as of December 31, 2022.

Due to Member

During 2022 members of the Company advanced funds in support of the Company's operations. The amount is due on demand, bears no interest and is not collateralized. The amount outstanding as of December 31, 2023, and 2022 was \$ 27,500 and \$27,500.

NOTE 6 – COVID-19 RELIEF

During 2021 the Company borrowed \$49,665 from the Small Business Administration ("SBA") under the Paycheck Protection Program for COVID-19 relief. As of December 31, 2021, those borrowings have been forgiven in full by the SBA and are reported as other income in the accompanying Statement of Operations for the year ended December 31, 2021.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 8 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 11, 2024, the date on which the financial statements were available to be issued.

EXHIBIT L TO THE DISCLOSURE DOCUMENT

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of January 1, 2025) and the address and telephone number of each of their outlets:

Open Schools

| Franchisee Name | School Territory | School Address | Phone |
|-----------------------------------|-------------------------|--|--------------|
| Richard and Jordan Watkins | Rogers, AR | 3805 W Financial Pkwy Rogers, AR 72758 | 479-309-3314 |
| Alison and Mark Arbitrio | Denver, CO | 354 Park St Castle Rock, CO 80109 | 303-484-9286 |
| Yamille Grieving | Parker, CO | 10120 Twenty Mile Road Parker, CO 80134 | 720-552-5886 |
| Bobbie and Bill Ivanich | Highlands Ranch, CO | 9345 S. Colorado Blvd Highlands Ranch, CO 80126 | 720-903-4551 |
| *Carolyn and Jeff Lott | Julington Creek, FL | 200 North Ridgecrest Lane, St. Johns, FL 32259 | 904-592-3999 |
| *Carolyn and Jeff Lott | Valley Ridge, FL | 10660 US-1, Ponte Vedra Beach, FL 32081 | 904-227-3320 |
| Bethany & Nate Carr | Sarasota, FL | 5911 N. Honore Ave Sarasota, FL | 941-655-9591 |
| Nicolette and James Stuckey | Estero, FL | 21300 South Branch Blvd, Suite 6111, Estero, FL 33928 | 239-893-6538 |
| Dani and Bruce Humphries | Dallas, GA | 1305 Cedarcrest Road, Suite 12, Dallas, GA 30132 | 678-568-7864 |
| Allyson and Chris Morris | Alpharetta, GA | 61 Old Canton Street Alpharetta, GA 30009 | 678-379-5353 |
| Yaning and Bart Newell | Atlanta, GA | 1595 Buford Highway Cumming, GA 30041 | 470-705-0099 |
| Erin and Dave McGill | Woodstock, GA | 3340 Trickum Rd, #300 Woodstock, GA 30188 | 404-491-8676 |
| Carrie and James Turk | Louisville, KY | 13550 La Grange Road Louisville, KY 40245 | 502-385-4231 |
| Aly Campbell and Ryan Campbell | Omaha, NE | 8311 S 167th Plz Omaha, NE 68136 | 402-696-6838 |
| *Kavitha and Raj Kadumpalli | Apex, NC | 8715 Holly Springs Rd Apex, NC | 919-298-8293 |
| Beth and William Dixon | Greensboro, NC | 1505 Westover Terrace Greensboro, NC 27408 | 336-303-1327 |
| Ann Drucker | Cary, NC | 201 Wellesley Trade Lane Cary, NC 27519 | 919-636-3602 |
| Sandra and Anthony Patterson | Myers Park, NC | 347 North Caswell Road Charlotte, NC 28204 | 704-901-8225 |
| Tamara and Curtis McDonald | Huntersville, NC | 10230 Hamptons Park Drive Huntersville, NC 28078 | 704-655-9583 |
| Sheila and Chris Beck | Mooresville, NC | 173 Joe V Knox Avenue, Mooresville, NC 28117 | 704-937-1410 |

EXHIBIT L TO THE DISCLOSURE DOCUMENT

| Franchisee Name | School Territory | School Address | Phone |
|--|-------------------------|---|--------------|
| Krista and Nick Beall | Wilmington, NC | 207 Pine Grove Drive Wilmington, NC 28403 | 910-900-1213 |
| Jessica & Jay Springthorpe | Winston-Salem, NC | 1391 Plaza West Rd, Winston-Salem, NC 27103 | 336-777-7699 |
| *Amber and Evan Lee | Dublin, OH | 3755 W. Dublin Granville Rd., Dublin, OH 43017 | 614-681-0001 |
| *Amber and Evan Lee | Powell, OH | 9098 Bunker Lane Powell, OH 43065 | 614-515-4258 |
| Annie Sidwell | Columbus, OH | 5459 N. Hamilton Rd, Columbus, OH 43230 | 614-953-5930 |
| Darah and Denis Kirstein | South Fayette, PA | 3127 Washington Pike, Suite 500, Bridgeville, PA 15017 | 412-453-8660 |
| Stacy and Scott Foley | Bluffton, SC | 26 Cassidy Drive Bluffton, SC 29910 | 843-836-1120 |
| *Kailee and Titus Bowen | Ft. Mill, SC | 873 Dave Gibson Blvd. Fort Mill, SC 29708 | 803-802-2390 |
| Leslie Davis | Five Forks, SC | 303 N. Highway 14, Simpsonville, SC 29681 | 846-661-0050 |
| Emily and Phil Watson | Greenville, SC | 305 Pelham Road Greenville, SC 29615 | 864-501-5997 |
| *Heather and Brandon Calhoun | Mt. Pleasant, SC | 1475 Long Grove Dr., Mt Pleasant, SC 29464 | 843-353-3833 |
| *Heather and Brandon Calhoun | Summerville, SC | 2119 N. Main Street Summerville, SC | 843-865-6101 |
| *Priya Dave, Ash Agarwal | Hendersonville, TN | 1006 Glenbrook Way Hendersonville, TN 37075 | 615-622-4748 |
| Dawn and Howard Varnedoe | Franklin, TN | 1268 Lewisburg Pike Franklin, TN 37064 | 615-933-6888 |
| | | | |
| Rachel and Ryan Burden | Lubbock, TX | 8717 Milwaukee Ave Lubbock, TX 79424 | 806-370-1030 |
| Paolo and Sara Sagullo, Veronica Yem | Richmond, TX | 10414 Harlem Rd Richmond, TX 77407 | 832-841-3916 |
| Amyn and Alicia Almani | Frisco, TX | 5055 Panther Creek Parkway Frisco, TX 75033 | 469-809-5033 |
| Brad and Alison McKeiver | Midlothian, VA | 480 Winter Place Way, Midlothian, VA23113 | 804-336-3989 |
| Christopher and Sara Millehan (opened 1/1/25) | Roanoke, VA | 1919 Electric Road Roanoke, VA 24018 | 540-306-5695 |

* Indicates a multi-unit developer

Schools Not Yet Opened

| Name | School Territory(ies) |
|--|------------------------------|
| *Robert Wax (2 units) | Phoenix, AZ |
| *Richard and Jordan Watkins (1 unit) | Fayetteville, AR |
| Michael Babb and Brittney Babb | Colorado Springs, CO |
| Matthew and Sarah Kroecker | Denver, Colorado |
| *Nicolette and James Stuckey (3 units) | Eestero, FL |
| *Juan Alvarado Gamboa and Nidia Gutierrez Bustos (4 units) | Fort Lauderdale, FL |
| Chandni Kadkol | Orlando, FL |
| *Carolyn and Jeff Lott (2 units) | Jacksonville, FL |
| *Dani and Bruce Humphries (1 unit) | Seven Hills, GA |
| *William Wagner (3 units) | Atlanta, GA |
| Katheryn and Earle Mansell | Chicago, IL |
| *Rikki and Wayne Templet (2 units) | New Orleans, LA |
| Vivek Jaikamal and Maneesha Mankad | Ann Arbor, MI |
| *David and Joanie Kraus (2 units) | Minneapolis, MN |
| *Aly Campbell and Ryan Campbell (2 units) | Omaha, NE |
| *Sarah and Gregg Slanovec (2 units) | Northern NJ |
| Lalit Shide | New Hampshire |
| *Ann Drucker (1 unit) | North Raleigh, NC |
| *Kavitha and Raj Kadumpalli | Durham, NC |
| *Dave and Kamela Keesor (2 units) | Chapel Hill, NC |
| *Annie Sidwell (1 unit) | Columbus, OH |
| Jacqueline & Curtis Dunckley | Portland, OR |
| Alicia Ebeling | Portland, OR |
| Brett Tolbert and Karen Tolbert | Philadelphia, PA |
| Amit Powar and Shipla Malhotra | Philadelphia, PA |
| Prakashkumar Patel | Philadelphia, PA |
| Gail and Steve Ostroff | Newtown, PA |
| *Kailee and Titus Bowen (1 unit) | Indian Land, SC |
| *Priya and Ash Arguwal | Nashville, TN |
| John and Elisha Ann Dillon | Dallas, TX |
| Brandi McDonald | Dallas, TX |
| Gary and Temitope Pool | Dallas, TX |
| Katie & Will Flora | Dallas, TX |
| Kashif Dhukka and Anina Momin | Houston, TX |
| Annie Starkey | Houston, TX |
| Kelsey Ford | Houston, TX |
| Rajesh Adwaney and Abhishek Kansara | Houston, TX |
| Jerry and Yoshiaki Scott | Salt Lake City, UT |
| Christopher and Taylor Campbell | Richmond, VA |
| Deepika Nimmagadda | Arlington, VA |

* Indicates a multi-unit developer

EXHIBIT L TO THE DISCLOSURE DOCUMENT

Former Franchisees

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

| Name | City and State | Reason for Departure |
|---|----------------------------|---------------------------------------|
| Desert Ivy, LLC Troy McClain, Caroline McClain, Jack Schtierman, Cindi Schtierman | Phoenix, Arizona | Mutual termination (before opening) |
| Laura Lu | Hillsborough County, FL | Termination (before opening) |
| Kailash & Narapriva Nagarakanti | Cedar Park, TX | Mutual termination |
| Mark and Ginger Slemmons | Gilbert, AZ | Mutual termination (before opening) |
| Julia and Kelly Seller | Nashville, TN | Departed system (before opening) |
| Eileen and Chris Radis | Cleveland, OH | Mutual termination (before opening) |
| Scott & Julie Smith | Flower Mound, TX | Termination (occurred in 2025) |
| <u>Federick and Barbara Rappina</u> | St. Petersburg, FL | Mutual termination (occurred in 2025) |

The following franchisees have ceased communications with us.

| | |
|-------------------------------|-------------|
| Gail and Steve Ostroff | Newtown, PA |
| Kashif Dhukka and Anina Momin | Houston, TX |
| Annie Starkey | Houston, TX |

FRANCHISE DISCLOSURE QUESTIONNAIRE

[QUESTIONNAIRE NOT FOR USE WITH FRANCHISEES SUBJECT TO THE FRANCHISE LAWS OF ILLINOIS, INDIANA, MINNESOTA, VIRGINIA, OR WISCONSIN]

The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”), Franchise Agreement and each Addendum (if any), and related agreement (i.e., personal guaranty) attached to them?

Yes or No? _____

2. Did you receive the Franchise Agreement and each related agreement, Addendum, or Amendment (if any), containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?*

Yes or No? _____

* This does not include changes to any agreement mutually agreed upon.

3. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, and before paying any funds to us or an affiliate?

Yes or No? _____

4. Do you understand all of the information contained in the FDD, Franchise Agreement and each Addendum (if any), and related agreement provided to you?

Yes or No? _____

If No, what parts of the FDD, Franchise Agreement, Addendum (if any), and/or related agreements do you not understand?

5. Did you sign a receipt for the FDD indicating the date you received it?

Yes or No? _____

EXHIBIT L TO THE DISCLOSURE DOCUMENT

6. Have you discussed the benefits and risks of purchasing an IVYBROOK ACADEMY franchise with an attorney, accountant or other professional advisor?

Yes or No? _____

If No, do you wish to have more time to do so?

Yes or No? _____

7. Do you understand that the success or failure of your IVYBROOK ACADEMY franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes or No? _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a IVYBROOK ACADEMY franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a IVYBROOK ACADEMY franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

10. 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 IVYBROOK ACADEMY franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

11. If you have answered "Yes" to any one of questions 8-10, please provide a full explanation of each "Yes" answer in the following blank lines.

12. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the IVYBROOK

EXHIBIT L TO THE DISCLOSURE DOCUMENT

ACADEMY franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?

Yes or No? _____

Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

13. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes or No? _____

14. You signed the Franchise Agreement, and Addendum (if any) and related agreements on _____, and acknowledge that no agreement or addendum is effective until signed and dated by us.

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISE APPLICANT:

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

State Effective Dates

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

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

| State | Effective Date |
|--------------|-----------------------|
| California | Not registered |
| Hawaii | Not registered |
| Illinois | Pending |
| Indiana | Pending |
| Maryland | Not registered |
| Michigan | January 13, 2025 |
| Minnesota | Pending |
| New York | Not registered |
| North Dakota | Not registered |
| Rhode Island | Not registered |
| South Dakota | Not registered |
| Virginia | Pending |
| Washington | Not registered |
| Wisconsin | March 28, 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 M TO THE DISCLOSURE DOCUMENT

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If IVYBROOK FRANCHISING, LLC offers you a franchise, IVYBROOK FRANCHISING, LLC must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale unless otherwise stated in your state’s addendum. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If IVYBROOK FRANCHISING, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit E.

IVYBROOK FRANCHISING, LLC authorizes the respective state agencies identified on Exhibit F to receive service of process for it in the particular state. IVYBROOK FRANCHISING LLC’S registered agent in North Carolina is 9801 Suzanne Court, Weddington, NC 28173.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise:

Drew McWilliams, 9801 Suzanne Court, Weddington, NC 28173, 877-550-1234
Jennifer McWilliams, 9801 Suzanne Court, Weddington, NC 28173, 877-550-1234

Issuance Date: March 28, 2025

I have received a Franchise Disclosure Document dated March 28, 2025, including the following exhibits:

- | | |
|---|---|
| A. Franchise Agreement | G. Form of General Release |
| B. Multi-State Addenda to Franchise Agreement, Multi-Unit Agreement and Disclosure Document | H. Form of Nondisclosure and Noncompete Agreement |
| C. Multi-Unit Development Agreement | I. Table of Contents to the Confidential Brand Standards Manual |
| D. List of State Administrators | J. Financial Statements |
| E. List of State Agents for Service of Process | K. Current Franchisees |
| F. Unlimited Guaranty and Assumption of Obligations | L. Franchisee Disclosure Questionnaire |

Signature: _____
Print Name: _____
Date Received: _____

Keep this copy for your records

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| F. Unlimited Guaranty and Assumption of Obligations | L. Franchisee Disclosure Questionnaire |

Signature: _____
Print Name: _____
Date Received: _____

Return To: IVYBROOK FRANCHISING, LLC, 9801 Suzanne Court, Weddington, NC 28173