

---

## FRANCHISE DISCLOSURE DOCUMENT

---

**Moms on the Run, LLC**  
**a Minnesota limited liability company**  
**15226 West Freeway Drive**  
**Columbus, MN 55025**  
**(651) 560-6667**  
**Karissa@momsontherun.com**  
**MomsOnTheRun.com**

### MOMS ON THE RUN

Moms on the Run, LLC offers individual franchises for the operation of a MOMS ON THE RUN franchised business that operates group fitness and training business providing, among other things, group walking, running, training, fitness, strength and toning classes and programs. Each franchise unit is a part-time business operation.

The total investment necessary to begin operation of a MOMS ON THE RUN franchise is from \$13,900 to \$21,105. This includes \$12,495 that must be paid to us or our affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Karissa Johnson at Moms on the Run, LLC, 15226 West Freeway Drive, Columbus, MN 55025, (651) 560-6667.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, such as a lawyer or an accountant.

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

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

Issuance Date: September 20, 2024

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

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

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Choice of Law.** The franchise agreement requires that Minnesota law govern the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.
3. **Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Minimum Sales.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **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.
6. **Turnover Rate.** In the last year, a high percentage of franchised outlets (33%) ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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.

---

**FRANCHISE DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS**

---

<b><u>ITEM</u></b>	<b><u>PAGE</u></b>
ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES .....	1
ITEM 2. BUSINESS EXPERIENCE .....	2
ITEM 3. LITIGATION .....	3
ITEM 4. BANKRUPTCY .....	3
ITEM 5. INITIAL FEES .....	3
ITEM 6. OTHER FEES .....	4
ITEM 7. ESTIMATED INITIAL INVESTMENT .....	7
ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	10
ITEM 9. FRANCHISEE’S OBLIGATIONS.....	12
ITEM 10. FINANCING .....	13
ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	13
ITEM 12. TERRITORY .....	18
ITEM 13. TRADEMARKS .....	21
ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION .....	22
ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS.....	22
ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	22
ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION .....	23
ITEM 18. PUBLIC FIGURES .....	25
ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS .....	25
ITEM 20. OUTLETS AND FRANCHISEE INFORMATION .....	26
ITEM 21. FINANCIAL STATEMENTS.....	29
ITEM 22. CONTRACTS .....	29
ITEM 23. RECEIPTS.....	29

**EXHIBITS**

EXHIBIT A	List of State Agencies and Agents for Service of Process
EXHIBIT B	Franchise Agreement
EXHIBIT C	Operations Manual Table of Contents
EXHIBIT D	Financial Statements

EXHIBIT E	State Addenda
EXHIBIT F	List of Current Franchise Units
EXHIBIT G	Form General Release
EXHIBIT H	Receipts

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

To simplify the language in this Disclosure Document, “we,” “us” and “Moms On The Run” means Moms on the Run, LLC, the franchisor. “You” or “your” means the person or entity who buys the franchise. If a corporation, partnership or limited liability company buys a franchise, “you” or “your” also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

### **The Franchisor**

We are a Minnesota limited liability company formed on January 18, 2011. Our principal place of business is at 15226 West Freeway Drive, Columbus, Minnesota 55025; telephone number (651) 560-6667. Our agents for service of process are disclosed on Exhibit A.

### **Our Business Experience and Affiliates**

We began offering MOMS ON THE RUN franchises in February 2012. In January 2011, we began operating a business similar to the one offered under this Disclosure Document in Forest Lake, Minnesota, and as of the end of our last fiscal year, we operate fifteen (15) MOMS ON THE RUN locations. As of the date of this Disclosure Document, except as described below, we do not have any parents or predecessors.

Our Chief Manager (President), Karissa Johnson, operated a business similar to the one offered under this Disclosure Document from October 2001 to November 2009, at which time the business was transferred to our affiliate, Premier Physique. We have one affiliate, Premier Physique, LLC, a Minnesota limited liability company (“Premier Physique”) that must be disclosed in this Disclosure Document, which is also our predecessor. Premier Physique is a Minnesota limited liability company formed in November 2009. From November 2009 to December 2010, Premier Physique operated a business similar to the one offered under this Disclosure Document. After our formation in 2011, Premier Physique transferred the business to us. Premier Physique owns the MOMS ON THE RUN trademarks and has licensed us the right to use and license the MOMS ON THE RUN trademarks to third parties. Premier Physique’s principal place of business is 15226 West Freeway Drive, Columbus, Minnesota 55025.

We sell franchises for the operation of businesses under the name “MOMS ON THE RUN” (each, a “Franchised Business”) that operate group fitness and training businesses providing, among other things, group walking, running, training, fitness, strength and toning classes. In addition, several times a year we sell wellness challenges and nutrition programs. Our MOMS ON THE RUN Franchised Businesses also derive revenue from merchandise commissions when their customers purchase gear from our online store. Your MOMS ON THE RUN Franchised Business will operate under a franchise agreement (the “Franchise Agreement”). The Franchised Business will primarily operate from a park, reserve, trail or outdoor recreational location that we approve (the “Authorized Outdoor Location”), offering the products and services we approve and using certain distinctive types of equipment, supplies, business techniques, programs, methods, specifications, standards and the Trademarks (as defined in Item 13) (collectively, the “System”). In addition to operating the Franchised Business from the Authorized Outdoor Location, you may operate the Franchised Business from an indoor facility we approve such as a gymnasium, community center, church, or armory (the “Indoor Location”). You will operate your Franchised Business from the Authorized Outdoor Location during the Prime Season and, if you and we agree, also from the Indoor Location during the Off Season. “Prime Season” means those

months when outdoor programming is the primary offering to customers. “Off Season” means those months when weather conditions are less ideal and programming is adapted to include indoor workouts. Your franchise may or may not have an Off Season. We will determine the calendar months included in each franchisee’s Prime Season and Off Season, which will vary from franchisee to franchisee depending on climate at the location of the Franchised Business.

### Market and Competition

Your Franchised Business will provide group fitness services. Your competition will include other local, regional and national fitness and exercise businesses focusing on outdoor group training and fitness classes. This market for fitness services is a highly developed and competitive market in most areas.

Depending on the location of your Franchised Business, there is some seasonality to the Franchised Business. As noted above, some franchisees (depending on the location of their Franchised Business) may operate some of their programming indoors during the Off Season.

### Laws, Licenses and Permits

You should be aware of state and local government zoning ordinances and regulations in your proposed territory. Each Franchised Business must comply with all federal, state and local laws, and we urge you to become familiar with these specific laws and regulations governing the operation of a Franchised Business in your state, such as the Americans With Disabilities Act, wage and hour laws, occupational health and safety, equal employment opportunity, taxes, and business licensing requirements. You should check with your state and local authorities to determine if there are additional requirements. In addition, you and all of your employees and contractors that conduct group fitness classes must obtain and maintain adult CPR certification and one of the following nationally accredited instructor certifications: group exercise, personal trainer or run instructor. This will be at your or your contractor’s expense.

## **ITEM 2. BUSINESS EXPERIENCE**

### Chairman of the Board of Governors; Chief Manager (President); Secretary; Treasurer: Karissa Johnson:

Ms. Johnson has served as our Chairman, Chief Manager (President), Secretary and Treasurer since our formation in January 2011. Since November 2009, Ms. Johnson has served as Premier Physique’s owner and as a personal trainer and group fitness instructor for Premier Physique located in Columbus, Minnesota. From March 2008 – August 2019, Ms. Johnson served as a group fitness instructor at the YMCA located in Lino Lakes, Minnesota. Ms. Johnson continues to sub instruct for classes at various YMCA branches in the Twin Cities, and since August 2020 has served as a group fitness instructor at Crunch gym located in Blaine, Minnesota.

### Operations Manager: Angela Danelius

Ms. Danelius has served as our Operations Manager since January 2013. From August 2011 to December 2012, Ms. Danelius worked for us as an independent contractor and provided assistance in connection with our franchise operations.

Fitness Director: Carrie Tollefson

Ms. Tollefson has served as our Fitness Director since February 2018. Since 2010, Ms. Tollefson has also been a road running track analyst with NBC Sports, Inc. and works as a spokesperson for many companies on an independent contractor basis.

Franchise Development Director: Brenda Dronkers

Ms. Dronkers has worked with Moms on the Run since October 2023. Prior to working with Moms on the Run and still today, Brenda also works with other franchise brands in a consulting capacity.

**ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4. BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

**ITEM 5. INITIAL FEES**

On or before you sign the Franchise Agreement you must pay us a licensing fee of \$1,000, plus a first-year training fee of \$3,995 and a location fee of \$5,000, unless discounted as designated below (collectively, the “Initial Franchise Fee”). Your location fee covers our sales commissions as well as our assistance in site selection and meeting all pre-opening obligations to help establish your business. Additional territories purchased at the same time as your initial agreement are each available for \$5,000 (the licensing fee of \$1,000 plus the location fee of \$4,000).

If you are an existing MOMS ON THE RUN franchisee and you agree to open and operate a second or subsequent MOMS ON THE RUN Franchised Business, your Initial Franchise Fee will be calculated as follows:

1. If the second or subsequent Franchised Business is located in the same Territory as your existing Franchised Business and the Territory has a population of 120,000 or less then the Initial Franchise Fee will be \$1,000.
2. If the second or subsequent Franchised Business is located in a different territory or the same Territory, but the Territory has a population of more than 120,000 then the Initial Franchise Fee will be 75% of our then-current Initial Franchise Fee.

We discount the initial fees by 10% for Veterans.

The Initial Franchise Fee is earned upon receipt and is not refundable under any circumstances.

## **ITEM 6. OTHER FEES**

<b>Type of Fee</b>	<b>Amount (See Note 1)</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	\$195 per month, plus \$10 per month per customer over 60 active customers. See Note 2.	Payable monthly on the first day of each month.	Beginning 24 months after you commence operating the Franchised Business, the Monthly Fee may increase 5% each calendar year without advance notice to you.
National Brand Marketing Fee	Currently \$50 per month. We may increase this fee upon notice to you, provided we will not increase it to more than \$95 per month. See Note 2.	Payable monthly on the first day of each month.	This is a fee that you pay to us in consideration of marketing and promotional efforts that we undertake which benefit the MOMS ON THE RUN brand and the System. This fee is not a contribution to an independent advertising fund or a pooled advertising program.
Local Digital Marketing Fee	Varies, but may be \$0-250 a month. Currently we do not charge a fee because we do not offer services to do local digital ads on behalf of the franchisee.	Payable monthly on the first day of each month, if applicable.	We reserve the right to implement a local digital marketing program where we create and manage local ads and/or SEO on behalf of our franchisees. If and when we offer this service, the cost we require will count towards your local advertising requirement.
Technology Fee	Currently \$75 per month; provided we may increase this fee to cover our then-current costs, including for the use of our software and any other technology or technology support. See Note 2.	Payable monthly on the first day of each month.	You pay this fee to us; provided that we may direct you to pay all or a portion directly to any provider that licenses technology to you. We reserve the right to modify the Technology Fee upon written notice to you.
Advertising Materials	Varies, but currently \$0 to \$500.	Payable at the time of order.	You may, but are not required, purchase any advertising materials we develop from us.
Advertising Cooperative Fee	Varies, but will not exceed \$50 per month.	Any Advertising Cooperative Fee is due on the first day of the month.	If we establish an advertising cooperative in your area you must participate in, support and contribute to the advertising cooperative.
MOTRwell™ Nutrition Program	Currently this is an optional program taking place seasonally. If you choose to participate in this program, or if we choose to require it, \$0 - \$95 per month per enrolled customer.	Payable monthly on the first day of each month during which you offer this program.	If we require this program offering or if you choose to participate and we approve you to do so, we will provide you with certain materials regarding nutrition programming that you may offer to your customers, and you will pay us this fee for each customer that participates. The fee will depend on the services offered for the particular program and will always be less than the revenues received by the customer for that program.

<b>Type of Fee</b>	<b>Amount (See Note 1)</b>	<b>Due Date</b>	<b>Remarks</b>
Kids on the Run™ Classes	If you choose to offer classes to children under our Kids on the Run program, the greater of \$100 per month or 10% of your gross sales from this program.	Payable monthly on the first day of each month.	This is an optional program under your Franchise Agreement. If you choose to participate, and we approve you to do so, you may offer classes to children under the Kids on the Run name, and you will pay us this fee.
Run Club Program	\$15 per enrolled customer per year for participating businesses in designated markets. We reserve the right to increase this to up to \$25 per customer to cover our costs.	Payable annually when running club is registered through RRCA.	In certain markets, during the Off Season, we may allow Franchised Businesses in the market to register a metro-wide running club through the RRCA. In this case, we will pay for the membership and insurance on behalf of the System, and participating Franchised Businesses will pay us this fee to participate. Franchisees may also choose to independently enroll with RRCA as a run club for additional insurance coverage, at their current rates.
Virtual Classes Fee	\$40 per month that you choose to offer classes online to your local customers; technology expenses vary.  \$8+ per class you want to offer from our national instructors	Payable monthly on the first day of each month.	If you choose to provide online fitness classes you will pay us \$40 per month in which you offer these classes. You may incur additional charges related to technology from external service providers such as online meeting software.  In addition, you may opt to offer your members virtual classes provided by our nationwide instructor for a fee that varies based on national participation level. Currently we offer national yoga for a fee of \$8 per franchise per class time you want to offer.
Promotional challenges and incentives	Varies, depending on the cost of goods we provide to our customers; currently ranging from \$5-15 per member who participates in a given promotion or wellness challenge or signs up during an incentive.	Payable at the time of order.	We may choose to require certain nationwide promotions that will require you to purchase customer gifts and rewards. Currently we offer 3 main challenges in a year as well as 3 incentive periods for joining our program. In addition, we may require gifts for rewarding member referrals.
Optional Technology Assistance Services	Varies, depending on the services you would like us to provide; currently ranging from \$150 to \$300 per year.	Payable as incurred.	You may engage us to provide certain technology services to you, and if we agree to provide them, you will pay us our then-current fees to do so, which currently range from \$150 to \$300 annually. Services currently include website updates and maintaining customer email lists in our system.
Transfer Fee	\$3,000 or \$5,000.	The Transfer Fee is due on the date of Transfer.	Subject to applicable state law. The greater amount is due if we assist you in finding a buyer.

<b>Type of Fee</b>	<b>Amount (See Note 1)</b>	<b>Due Date</b>	<b>Remarks</b>
Late Fee	Lesser of \$50 per delinquent payment or the maximum amount permitted by applicable law.	When due.	Payable for each delinquent payment you owe us under the Franchise Agreement. A payment is delinquent if: (1) we do not receive the payment on or before the due date; or (2) there are insufficient funds in your bank account to collect the payment by electronic funds transfer on or after the due date.
Non-compliance Fee	\$200 per incident.	When due.	In addition to any rights under the Franchise Agreement, this is payable if you breach the Franchise Agreement and fail to cure such breach after we provide you notice, in order to offset expenses we incur to address the default. Subject to applicable state law.
Interest Expense	Lesser of 18% per year or the maximum rate permitted by applicable law.	When due.	Payable if you do not timely pay the Monthly Fee or other amounts owed to us.
Costs and Attorneys' Fees	Will vary under the circumstances.	When incurred.	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us.
Income and Sales Taxes	We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where the Franchised Business is located, as well as any assessment on fees and other income we receive from you.	When incurred.	Only imposed if state collects these taxes or assessments.
Audit	Cost of audit plus interest.	30 days after billing.	See Note 4.
Additional Training and Assistance	Varies, but currently \$50 to \$300 per diem, plus reimbursement of our expenses, and your travel costs when applicable.	Before training.	If you request that we provide additional training, or if we determine that additional training is required, you must pay our daily fee and reimburse us for our expenses incurred. In addition, if we require that you or your coaches complete an annual training, you will be required to pay this fee for each person who attends this training, whether virtually or in-person. If you have independent contractors, they must pay their own training costs. Note 5.
Advertising Approval Fee	\$50 per instance	When incurred	Use of materials not provided or recommended by us, or use of products or suppliers not recommended by us, need to be reviewed and will incur a \$50 fee per approval.

Notes:

1. All fees are imposed by, payable to and collected by us and all fees are non-refundable. Unless otherwise provided by us, all fees are uniformly imposed. You must pay fees and other amounts due

to us via electronic funds transfer or other similar means. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. This does not apply to any federal or Minnesota income taxes we or our affiliates have to pay. Company and affiliate owned businesses do not pay royalties or other fees, and do not have a specific local advertising requirement, however they will make expenditures in local advertising programs as appropriate.

You must also utilize our required web-based customer registration system, which also incorporates a payment processing software for processing customer payments. You must pay the then-current merchant processing fees charged by the provider for this service.

2. Commencing on the first month you start classes and for each month thereafter during the term of the Franchise Agreement you will pay us the Monthly Fee. The \$10 per customer per month portion of the Monthly Fee only applies during the active months when you have more than 60 customers enrolled with your Franchised Business. You must obtain our prior written approval before you enroll more than 60 customers with your Franchised Business.

Commencing on the first month following your signed franchise agreement and for each month thereafter during the term of the Franchise Agreement you will pay us the Technology Fee and National Brand Marketing Fee.

If you operate a second or subsequent MOMS ON THE RUN franchised business inside your Territory, and the territory has a population of 120,000 or less, your Monthly Fee and Technology Fee will be reduced by 25% for that second and each subsequent franchised business in that territory.

3. This fee is payable only if the audit shows that you have not complied with the obligations of the Franchise Agreement or System Standards.

4. If you require or request additional assistance beyond what we provide, you can request that we make available a representative to provide further assistance to you. If we agree to provide this additional assistance, we must agree in advance to the charges you will pay. We may also require you to receive additional assistance if you are not meeting our requirements, if we determine, in our sole discretion, additional assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. In addition, we may require annual training of all franchise owners and their coaches.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made (See Note 1)</b>
Initial Franchise Fee See Note 2	\$9,995	Lump Sum	When you sign the Franchise Agreement	Us
Off Season Rentals See Note 3	Varies	As Arranged	As Arranged	Landlord

Telephone and Telephone Service See Note 4	\$0 to \$440	As Arranged	As Arranged	Third Parties
Business Cards See Note 5	\$30 to \$60	As Arranged	As Arranged	Approved Suppliers
Advertising See Note 6	\$1,200	As Arranged	As Arranged	Approved Suppliers
Computer System See Note 7	\$0 to \$1,500	As Arranged	As Arranged	Third Parties
Insurance See Note 8	\$175 to \$210	As Arranged	As Arranged	Third Party
Internet service See Note 9	\$0 to \$150	As Arranged	As Arranged	Third Party
Training Expenses See Note 10	\$0 to \$450	As Arranged	As Arranged	Third parties
Licensing and Permits See Note 11	\$0 to \$2,600	As Arranged	As Arranged	Local Government Agencies
Digital Brand Awareness Advertising package See Note 14	\$2,500	As Arranged	As Arranged	Us
Additional Funds – 3 months See Note 12	\$0 to \$2,000	As Arranged	As Arranged	Various Third Parties
Total See Note 13	\$13,900 to \$21,105			

Notes:

- (1) Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors, contractors, agencies, and suppliers will decide if payments to them are refundable.
- (2) If you are an existing Moms On The Run franchisee and you agree to open and operate a second or subsequent Moms On The Run Franchised Business, your Initial Franchise Fee will be less, and will depend on the location of your Territory.
- (3) You must operate the Franchised Business from an Authorized Outdoor Location we approve. You are not required to lease or purchase any property in connection with the operation of the Franchised Business. If, however, you elect to operate the Franchised Business from an Indoor Location during the Off Season, you may be required to pay a fee to the third party landlord. We do not recommend, and have not yet allowed, franchisees to operate from an Indoor Location until after the franchisee has operated the Franchised Business from the Authorized Outdoor Location during the Prime Season. Therefore, this is not an expected initial expense, but is listed in the off chance there is reason to approve an indoor workout that requires rent for a new franchisee.
- (4) You may use your personal telephone, purchase a new telephone or use Google Voice in connection with the operation of the Franchised Business. The low end of this estimate assumes you use your existing personal telephone and existing service plan or use Google Voice. The high end of this estimate includes the estimated cost of purchasing a new telephone and three (3) months of additional telephone service. At a minimum, you must have a dedicated telephone line with a MOMS ON THE RUN voicemail.

- (5) This estimate includes your initial purchase of the MOMS ON THE RUN business cards.
- (6) During the first three months of the Franchise Agreement, you must spend a minimum of \$1,200 on approved local advertising. The estimate in the table above reflects the amount we recommend you spend on local advertising prior to opening and during your first 3 months of operation. These amounts should be considered minimums.
- (7) You must use a Computer System that meets our standards and specifications. The low end of the estimate assumes that your personal computer satisfies our standards and specifications. The high end of the estimate assumes that you purchase a new computer.
- (8) This amount includes estimates for annual insurance premiums. You must obtain and maintain insurance coverage that satisfies our minimum requirements.
- (9) You must obtain high-speed internet service for the operation of the Franchised Business. The low estimate assumes that your current internet service satisfies our minimum requirements. The high estimate reflects three (3) months of internet service.
- (10) Our Initial Training Program for the franchisee is included in the initial franchise fee. You, however, are responsible for paying all compensation, cost and expenses associated with your Managing Owner and any other person that participates in our Initial Training Program. In addition, we require your Managing Owner to obtain a nationally accredited personal trainer, run instructor or group fitness instructor certification if they do not already have one, at your/their expense. We have negotiated with the American Council on Exercise to offer this certification for a discount off their current prices to instructors in our System , currently 45% off.
- (11) Depending on the location of your Authorized Outdoor Location, you may be required to obtain a license and/or pay a fee. At this time most of our franchises are not required to pay fees, which is reflected in the low end of this estimate. Depending on your location, market, and arrangements with providers, you may exceed amounts in this range.
- (12) This amount estimates the expenses you will incur during the first three (3) months of Franchised Business operations, including legal and accounting fees, taxes and other miscellaneous expenses of operating a MOMS ON THE RUN Franchised Business. This amount does not include any interest payments on any business loans you secure or obtain for purposes of operating the Franchised Business. These amounts are estimates, and we cannot guarantee that you will not incur additional expenses in starting the business.
- (13) This total is an estimate of your pre-opening initial investment and the expenses you will incur during the first three (3) months of Franchised Business operations. This total is based on our and our existing franchisees' experience in operating a MOMS ON THE RUN business. You should review this amount carefully with a business advisor before deciding to purchase the franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting or operating your MOMS ON THE RUN Franchised Business.
- (14) We require you to purchase an initial brand awareness advertising campaign that we will manage for you or hire our marketing vendors to do so. The \$2,500 package includes \$1,000 for management fees and contractor expenses and \$1,500 in direct ad spend.

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

To ensure a uniform image and uniform quality of products and services throughout the MOMS ON THE RUN System, you must maintain and comply with our quality standards. We will provide you with our Operations Manual and various bulletins and notices that will contain these standards. As we develop new techniques, technologies, programs, products and services, we anticipate that we will develop and modify our standards as we consider appropriate and useful, and notify you through amendments to the Operations Manual, newsletters or other bulletins.

### **Location of your Franchised Business**

The principal office for your Franchised Business may be located in your home. You, however, must offer services from the Authorized Outdoor Location and, if applicable, the Indoor Location. You must locate an Authorized Outdoor Location and Indoor Location (if applicable) for your Franchised Business that we consent to. We consider the following items when evaluating an Authorized Outdoor Location: length and width of running trails, available shelter and restroom facilities, available open space and parking accessibility; and the following items when evaluating an Indoor Location: proximity to Authorized Outdoor Location, reputation of facility and competing activities. You may not commit to an Authorized Outdoor Location or Indoor Location until you receive our consent.

### **Supplier and Product Approval**

We will provide you with lists of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory, products, equipment, signs, supplies and other items or services necessary to operate your Franchised Business (“Approved Supplies List”). The Approved Suppliers List may list particular suppliers from which you must purchase certain logoed items, supplies, equipment, materials, or other items for use in your Franchised Business. The Approved Supplies List may include specific brands or types of products, materials, equipment or accessories that you may buy from any source provided that the items conform to the standards and specifications for the System. The lists specify the suppliers and the products and services which we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable. We, an affiliate or a third-party vendor or supplier periodically may be the only approved supplier for certain products or services. We are currently the only supplier of MOMS ON THE RUN technical training shirts, which you must provide, free of charge, to all customers enrolled in a class offered by your Franchised Business at least once a year. We also may supply certain MOMS ON THE RUN promotional items from time to time, which may be required or optional for purchase. With the exception of these items, neither we nor our affiliate is currently an approved supplier of any other items, although we reserve the right to do so, and may be the sole supplier of certain items.

If you want to use any unapproved products, materials, equipment or signage, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request, sufficient specifications, photographs, drawings or other information or samples for us to determine whether the products, services, materials, equipment or signs comply with our specifications and standards, or the supplier meets our approved supplier criteria. We will notify you of our decision within 30 days following our receipt of all information requested. We charge \$50 for this service and we reserve the right to require you to pay us **any further** reasonable costs of the inspection and evaluation process. We may inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier which fails to continue to meet any of

our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources.

We apply certain general criteria in approving a proposed supplier, including the supplier's quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability, credit program for franchisees, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services).

### Computer Hardware and Software

You must use a Computer System in connection with the operation of the Franchised Business that meets our standards and specifications. You may use your personal computer in connection with the operation of the Franchised Business if it meets our standards and specifications, otherwise you must purchase a Computer System that meets our standards and specifications. As of the date of this Disclosure Document, you may purchase your Computer System from any source, but we reserve the right to designate a third-party supplier from which you must obtain your Computer System in the future. Further, we require you to utilize our designated web-based customer registration software and customer communication software in the operation of your Franchised Business, as well as payment processing services. We reserve the right to require you to obtain other required software from us or a designated third-party source and you may be required to sign a licensing agreement and/or pay additional fees in connection with the licensing of this software.

### Insurance

You must purchase and maintain for each Franchised Business you operate insurance coverage written in accordance with the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time and, at a minimum, shall include the following: coverage for "bodily injury," "property damage," and "personal and advertising injury" with no exclusions or limitations with minimum limits of \$1,000,000 general aggregate, \$500,000 personal injury and \$500,000 per occurrence, and any other insurance to meet statutory requirements. All insurance policies must be obtained from an insurance company that meets our standards and requirements and must insure us, you and any other person that we designate from all liability, damages or injury, and must meet all other requirements that we designate. You must issue an additional insured certificate to Moms on the Run LLC, and to your LLC as well (from your personal instructor/trainer policy). Any contractors you hire must also comply with these requirements and issue an additional insured certificate to your LLC. You must have an insured instructor at every class meet-up. If you do have endurance run meet-ups and occasional classes led by subs that are not insured, you must in addition carry running club insurance with these same minimum limits that protects your business and all members when you or the insured instructors are not present.

At this time we do not require cyber insurance, but reserve the right to require this in the future, or to require payments to external security services that provide protection for data privacy and online activities affiliated with the franchised business.

### Advertising and Promotional Approval

You must use only our approved advertising and promotional materials in promoting the Franchised Business. If you develop your own advertising and promotional materials, you must obtain our prior consent to these materials prior to use and there will be a \$50 review fee.

### Miscellaneous

We may negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. We are not aware of any purchasing or distribution cooperative in the System. We attempt to receive volume discounts for the System.

During our last fiscal year ending December 31, 2023, we received revenue in the amount of \$25,443 as result of franchisee purchases of goods, products or services from us, which represents 6.8% of our total revenue of \$374,522. During our last fiscal year ending December 31, 2023, neither we nor our affiliate received any rebates or other consideration from approved suppliers as a result of franchisee purchases. We reserve the right to derive revenue directly or in the form of rebates or other payments from suppliers, based directly or indirectly on a franchisee’s purchase of products or services. Our officers do not own an interest in any supplier.

We estimate that the purchase or lease of equipment, signs, fixtures, furnishings, supplies, inventory and advertising and sales promotions materials which meet our specifications will represent approximately 5% to 10% of the total cost to both establish and operate the Franchised Business.

## **ITEM 9. FRANCHISEE’S OBLIGATIONS**

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

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	Section 2.1	Item 11
b.	Pre-opening purchase/leases	Sections 9.1, 9.3 and 9.4	Items 7, 8 and 11
c.	Site development and other pre-opening requirements	Sections 2.1 and 2.4	Items 7 and 11
d.	Initial and ongoing training	Section 5.1	Item 11
e.	Opening	Section 2.4	Item 11
f.	Fees	Sections 4.1 – 4.4, 4.6, 5.1(B), 12.2, 13.1	Items 5, 6, and 7
g.	Compliance with standards and policies/operating manual	Sections 6.1 – 6.2; Section 9	Items 11 and 16
h.	Trademarks and proprietary information	Sections 6 and 7	Items 13 and 14
i.	Restrictions on products/services offered	Section 9.4	Items 8 and 16
j.	Warranty and customer service requirements	Section 9.1	Item 11
k.	Territorial development and sales quotas	Section 2.2	Item 12
l.	Ongoing product/service purchases	Section 9	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Not Applicable	Item 11

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
n.	Insurance	Section 9.5	Items 6, 7 and 8
o.	Advertising	Section 4.4	Items 6, 7 and 11
p.	Indemnification	Section 16.2	Not Applicable
q.	Owner's participation/management/staffing	Section 9.1	Items 11 and 15
r.	Records and reports	Section 9.6	Item 6
s.	Inspections and audits	Section 10	Item 6
t.	Transfer	Section 12	Items 6 and 17
u.	Renewal	Section 3.2	Items 6 and 17
v.	Post-termination obligations	Section 14	Item 17
w.	Non-competition covenants	Section 8	Item 17
x.	Dispute resolution	Section 15.5	Item 17
y.	Other	Not Applicable	Not Applicable

## **ITEM 10. FINANCING**

We do not offer any direct or indirect financing. We do not guarantee your note, lease or other obligation nor do we receive payment or other consideration for the placing of financing.

## **ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

Pre-Opening Assistance. Before you open your Franchised Business we will:

1. Provide assistance in your evaluation and selection of an Authorized Outdoor Location and, if applicable, your Indoor Location (Franchise Agreement Sections 2.1, 5.2).
2. Provide the initial training program described below (Franchise Agreement Section 5.1).
3. Provide to you access to the confidential Operations Manual. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates or expires (Franchise Agreement Section 5.3).
4. Provide you with a list of our Approved Suppliers and Approved Supplies (Franchise Agreement Section 9.4).

Ongoing Assistance. During the operation of your Franchised Business we will:

1. Provide advisory services relating to operation of the Franchised Business (Franchise Agreement Section 5.2).
2. Periodically provide you with updated and revised materials for the Operations Manual (Franchise Agreement Sections 5.2, 5.3).

Advertising Programs.

You are required to pay us a National Brand Marketing Fee, on a monthly basis, in our then-current amount, which is \$50 per month as of the date of this Disclosure Document. We may increase this fee upon notice to you, provided we will not increase it to more than \$95 per month. This is a fee you pay to us in consideration of marketing and promotional efforts that we undertake to benefit the MOMS ON THE RUN brand and the System. This fee is not a contribution to an independent advertising fund or a pooled advertising program. Payments are accounted for as general operating revenue, and we do not provide a separate accounting for how this revenue is spent. Amounts paid to us in the form of the National Brand Marketing Fee may be used by us to pay our expenses relating to marketing and promotion.

We will direct all programs financed by the National Brand Marketing Fee and will have sole control over the creative concepts and materials used and their geographic, market, and media placement and allocation. We may use the National Brand Marketing Fee to advertise regionally, nationally or internationally in print materials, on radio or television, on the internet, and through social media channels, according to our sole discretion. We intend to use the National Brand Marketing Fee to maximize recognition of the MOMS ON THE RUN brand and System as a whole, but we have no obligation to ensure that we make marketing expenditures in or affecting any particular geographic area, or to ensure that expenditures across geographic areas are proportionate in any way.

During the term of the Franchise Agreement you must comply with the following local advertising requirements:

<b>Minimum Amount</b>	<b>Time Period</b>
\$1,200	Grand Opening, the First 3 Months
\$1,000	Months 4-12
\$2,000	Year 2
\$1,800 per year	Years 3-10

We reserve the right to increase the minimum dollar amount you are required to spend on local advertising provided, but we will not require you to spend in excess of \$3,000 in any calendar year. During the first year you operate the Franchised Business, any fees paid to an advertising cooperative will be credited toward your local advertising requirements.

If you do not meet the following minimum annual sales volume (“Minimum Sales Volume”) by the end of your second and subsequent years of operations, you will be required to spend additional funds on local advertising until you meet the minimum sales requirement, up to the maximum of \$3,000 of spending on local advertising per calendar year. We must approve the manner of additional advertising that is required due to your failure to meet the Minimum Sales Volume.

<b>Minimum Annual Sales</b>	<b>Time Period</b>
\$9,000	Year 2 of Franchised Business Operations
\$13,000	Year 3 and Subsequent Years of Franchised Business Operations

We have a right to require that you submit a marketing plan for our approval if necessary. We require participation in local community marketing efforts; attending events and networking with other businesses and community members. We may offer and sell advertising, marketing, and promotional materials at any time. You are not obligated to purchase any such materials from us. We reserve the right to select suppliers from which you must purchase advertising materials. Should you elect to purchase such materials from someone other than us or our approved supplier, or create them on your own, they must meet System standards and specifications and comply with our guidelines as specified in the Operations Manual and Branding Guide. You must use our approved advertising and marketing materials or receive our written approval before using any advertising and promotional materials you create. If you do not receive written approval within 30 days of our receipt, such advertising and promotional materials will be considered unapproved. We reserve the right to charge for our staff time in approving all materials not provided by us.

We or a majority of franchisees (with our approval) may form a local or regional or national advertising cooperative (the "Cooperative") including your area. If a Cooperative is established, you must contribute an amount determined by the Cooperative, up to \$50 per month. The Cooperative will use contributions to fund local and regional advertising and promotional campaigns and activities that we recommend or approve for use by the Cooperative. We may establish advertising campaigns and activities that the Cooperative must use. During the first year you operate the Franchised Business, contributions to the Cooperative will be credited to your local advertising obligation described above. Each Cooperative must adopt written governing documents. Each Cooperative will determine its own voting procedures so long as those procedures are consistent with the general operating rules we have established. Members of the Cooperative and their elected officials are responsible for administering the local Cooperative. We recommend, but do not require, that each Cooperative prepare annual financial statements and make those financial statements available to all franchisees in the Cooperative. We have the power to establish advertising cooperatives and the rules under which regional and local advertising cooperatives will operate.

You must receive prior written approval from us before engaging in any cross marketing or cross promotion with any other business.

#### Computer System.

You must use in your Franchised Business a Computer System that meets our standards and requirements. Currently, the hardware incorporated in the Computer System includes 1 desktop or laptop computer, and 1 printer. You may use your personal computer in connection with the operation of the Franchised Business if it meets our standards and specifications. We periodically may update or change the Computer System in response to business, operations, marketing conditions, or changes in technology. You must acquire and maintain a dedicated MOMS ON THE RUN telephone line and voicemail. We reserve the right to require the specific type and/or carrier that you must use. Currently, we estimate that the initial cost of the Computer System ranges from \$0 to \$1,500.

The Computer System referenced above must contain the computer software we require. You must obtain access to our designated web-based customer registration and customer communication software in the operation of your Franchised Business, as well as payment processing. You must also obtain Microsoft Word, Microsoft Excel, and access to our intranet system. You must obtain and maintain Internet access with a form of high-speed connection as we require. You must maintain and regularly update an antivirus and malware protection software. You will use an email address we designate or approve for communication with us and customers. You must pay us a monthly Technology

Fee, which currently includes access to the customer registration software, customer communication software access to our intranet and technology support. The Technology Fee currently is \$75 per month, but we may increase this fee to cover our then-current costs. You will be required to pay the cost of payment processing which is charged by the designated processor as part of the customer registration software.

You must complete and submit to us all required forms and reports included on our intranet system. Through the intranet system, we have independent access to all of your operational and financial information and data, including all customer information (the "Customer Data"), and collect and use this electronic information and data in any manner we choose without any compensation to you. We own the Customer Data and you assign your rights in the Customer Data to us. We periodically will establish policies respecting the use of the Customer Data. We are not obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to the technology discussed above. We anticipate that you will be required to upgrade or update your technology during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. We do not have any contractual obligation to upgrade or update any of your hardware or software during the term of this franchise.

#### Site Selection.

If you already have a potential site for your Authorized Outdoor Location, you may propose the location to us. We may consent to the site after we have independently evaluated it. The site for your Authorized Outdoor Location will be identified in Exhibit A to the Franchise Agreement. If you do not have a proposed site when the Franchise Agreement is signed, you will have 30 days following the date of the Franchise Agreement to identify an Authorized Outdoor Location acceptable to us. You are solely responsible for locating a site which meets our standards and criteria and that is acceptable to us. If we and you cannot agree on a site during the 30-day period, we can terminate the Franchise Agreement.

You must submit to us a complete site report (containing information that we may reasonably require) for the proposed Authorized Outdoor Location. The general site and evaluation criteria which you should consider includes length and width of running trails, available shelter and restroom facilities, available open space and parking accessibility. We will notify you in writing within 10 days after we receive your complete site report and other materials we request whether the proposed site satisfies our site selection criteria. Our review of a site does not represent any recommendation or guarantee as to the success of the proposed site.

#### Development Time.

The typical length of time between our acceptance of the Franchise Agreement and the opening of your Franchised Business varies from 0 to 90 days. This period may be longer, depending on the time of year, how soon you can participate in training or other factors. You must begin operating your Franchised Business within 120 days following the date of the Franchise Agreement. If you do not begin operating your Franchised Business within this time period, we may terminate the Franchise Agreement.

## Operations Manual.

We will loan to you during the term of the Franchise Agreement one copy of our Operations Manual(s) (the “Manual(s)”). Our Operations Manual table of contents is attached as Exhibit C. This Manual(s) contains our proprietary information and trade secrets and consists of the materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software, CDs, proprietary business forms and written materials) that we generally furnish to franchisees. The Manual(s) contains mandatory and suggested specifications, standards, operating procedures, policies and rules (the “System Standards”) that we prescribe from time to time for the operation of a Franchised Business, and information on your other obligations under the Franchise Agreement and related agreements. We may modify the Manual from time to time to reflect changes in our System Standards.

You must keep your copy of the Manual(s) current and in a secure location in the principal office of your Franchised Business. In the event of a dispute over its contents, the master copy of any Manual(s) that we maintain at our principal office will be the authoritative copy. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual(s).

## Training

Before you begin operating your Franchised Business, we will provide you with an initial training program (the “Initial Training Program”) on the operation of a Franchised Business. Your Managing Owner and, if applicable, primary coach, must complete the Initial Training Program to our satisfaction before you begin operating the Franchised Business. As of the date of this Disclosure Document the Initial Training Program is conducted via online training videos. The Initial Training Program lasts about 2 days and consists of the following:

### **TRAINING PROGRAM**

<b>Subject (1) (2)</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
History of MOTR & Business Structure	0.5	0	Online
Leadership, Motivation & Customer Service	1.0	0	Online
Exercise Program Instruction and Safety (ACE Materials)	10-15	0	Online
Introduction to Coaching	1.0	0	Online
Sample Class Demonstrations	0.5	0	Online
Conditioning and Injury Prevention	2.0	0	Online
<b>Total</b>	15-20	0	

(1) The instructional materials for each subject include the Operations Manual and online materials that we provide.

(2) Ms. Karissa Johnson is primarily responsible for overseeing the Initial Training Program. Ms. Johnson is the founder of Moms On The Run, LLC and has served as our Chairman, Chief Manager, Secretary and Treasurer since our formation in January 2011. Ms. Johnson has a Bachelor of Science in Exercise Science and is a Certified Run Coach, Certified Group

Exercise Instructor and Personal Trainer with 25 years' experience. Ms. Johnson also is a member of the American Council on Exercise, and the Road Runners' Club of America.

In addition, we require your Managing Owner to obtain an adult CPR certification and a nationally accredited personal trainer or group fitness instructor certification prior to offering classes. We have negotiated with the American Council on Exercise to offer their group fitness certification for a discounted rate, currently 40% off their current prices to instructors in our System.

We do not charge a fee for the Initial Training Program. You are responsible for all compensation, costs and expenses for your Managing Owner and, if applicable, primary coach, to complete the Initial Training Program.

In addition, if we require it, your coaches (employees and independent contractors) must complete an annual training that we specify. You may be required to pay us a cost of up to \$50 per year for each coach to complete this training. We also may require your Managing Owner and, if applicable, primary coach, to attend any supplemental and/or refresher training programs, conferences or conventions we designate during the term of the Franchise Agreement. We will determine the time and place of this additional training and may charge you a reasonable fee for the training (currently, \$100 to \$300 per day). In addition, you may incur travel expenses to attend. If we choose not to require you to attend in person, we will still require the same fee or higher for contribution towards our costs. We may or may not be able to provide access to the training materials online following the event.

If you require or request additional assistance beyond what is provided by us, you can request that we or a representative provide further assistance to you. If we provide additional assistance at your request, we must agree in advance to the charges you will pay. The cost of additional assistance will depend on your needs and the amount of assistance you desire. We may also require you to receive additional assistance (a) if you are not meeting our requirements, (b) if we determine, in our sole discretion, additional assistance is required, or (c) if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. This additional assistance will be at your expense as described above. Our current published rate for additional assistance is \$100 to \$300 per day, plus the cost of travel, lodging, and meals, but we reserve the right to adjust that rate periodically.

## **ITEM 12. TERRITORY**

You will operate your Franchised Business during the Prime Season from a specific location that we approve inside the Territory (the "Authorized Outdoor Location"). Your Authorized Outdoor Location will be a park, reserve, trail or other outdoor recreational location we approve. You will receive an "Protected Area" surrounding the Authorized Outdoor Location of your Franchised Business. Typically, a Protected Area will include a 3 to 4 mile driving distance radius from the main entrance of the Authorized Outdoor Location in densely populated areas, and 5 miles or more in less densely populated areas. The factors that we consider include density of population, growth trends, density of residential and business entities, and natural boundaries. While we will not locate another franchised or company-owned MOMS ON THE RUN location inside the Protected Area, the Protected Area may overlap with a protected area granted to us, our affiliate, or another franchisee. Because of our reserved rights below, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we or our affiliates own, or from other channels of distribution or competitive businesses that we or our affiliates control.

The Authorized Outdoor Location will be identified in Exhibit A to the Franchise Agreement. If you do not have an Authorized Outdoor Location for your Franchised Business when you sign the Franchise Agreement, you and we will update Exhibit A to the Franchise Agreement when an Authorized Outdoor Location has been selected. You and we must agree on an Authorized Outdoor Location for your Franchised Business within 30 days after the signing of the Franchise Agreement otherwise we may terminate the Franchise Agreement.

In addition to the Protected Area, you also will be assigned to a “Territory” which will be the geographical city in which your Authorized Outdoor Location is located. Typically, the following principles will apply to the Territory:

<b>Territory Size*</b>	<b>Maximum Number of Franchisees</b>
39,999 in population or less	1 franchisee
40,000 – 79,999 in population	2 franchisees
80,000 – 119,999 in population	3 franchisees
120,000 or more in population	We reserve the right to determine the maximum number of franchisees, but generally 1 franchisee will be permitted per 40,000 in population

\* Territory Size will be based on the most-recently available U.S. Census data statistics available at the time you sign your Franchise Agreement.

Operating your Franchised Business during the Off Season may require you to rent space indoors, and we must approve the specific location from which you operate your Franchised Business (the “Indoor Location”), which must be located inside the Territory. We reserve the right to require you to relocate your Indoor Location (at your expense) in the event that your Indoor Location is located inside a new franchisee’s protected area, even if such franchisee’s protected area is designated after we consent to your Indoor Location.

As outlined further in the Operations Manual, we may impose restrictions on the number of customers that attend a particular group exercise or fitness class offered by your Franchised Business. You may be required to offer additional classes from the Authorized Outdoor Location or, if applicable, the Indoor Location, depending on the number of customers who attend your classes. As of the date of this Disclosure Document, you must obtain our prior written approval before you enroll more than 60 customers with your Franchised Business.

During the term of the Franchise Agreement and provided you are in compliance with the terms and conditions of the Franchise Agreement, we will not (i) modify the Protected Area without your written permission, or (ii) locate either a company-owned or franchised MOMS ON THE RUN business within the Protected Area that offers the same products and services as your MOMS ON THE RUN Franchised Business, except for Merger/Acquisition Activity (as defined and described below). The license granted to you does not include: (i) any right to offer or sell products or services from any location other than the Authorized Outdoor Location or Indoor Location (except with our advance written consent), (ii) any right to sell products or services to any person or entity for resale or further distribution, except as we may designate in writing, or (iii) any right to exclude, control or impose conditions on our development of future franchised, company or affiliated owned MOMS ON THE RUN businesses at any time or at any location outside the Protected Area.

Except as expressly stated in the Franchise Agreement, you may market inside your Territory only. You may, however, advertise your Franchised Business through a medium that has a distribution

network outside your Territory, provided a portion of the distribution network is inside your Territory. You may not, unless in connection with other MOMS ON THE RUN franchisees and provided you obtain our prior written consent, engage in marketing or advertising that targets areas outside of your Territory.

We and our affiliates retain all rights that are not expressly granted to you under the Franchise Agreement. Further, we may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

1. establish and/or license others the right to establish franchised or company-owned MOMS ON THE RUN businesses at any location outside the Protected Area, provided we will comply with the Territory restrictions outlined above;
2. establish and/or license others the right to establish franchised or company-owned businesses at any location inside or outside your Protected Area that offer services similar to those offered by your MOMS ON THE RUN Franchised Business under other trademarks;
3. merge with, acquire or become associated with (“Merger/Acquisition Activity”) any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the MOMS ON THE RUN Trademarks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your MOMS ON THE RUN Franchised Business, and which may be located anywhere inside or outside the Protected Area;
4. sell and distribute for ourselves and/or license others to sell and distribute through alternate channels of distribution, including the Internet, within and outside the Protected Area, products or services the same as or different from the products and services offered from your Franchised Business, and which are offered and distributed under marks the same as or different than the Trademarks; and
5. advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Trademarks.

We are not required to pay you if we exercise any of the rights specified above inside the Protected Area.

You may relocate your Franchised Business provided: (i) the new location is inside the Territory, (ii) the new location does not infringe on the territory rights of another MOMS ON THE RUN franchisee, and (iii) you obtain our prior written consent. We will not unreasonably withhold our consent to a requested relocation.

You have no options, right of first refusal, or similar rights to acquire additional franchises.

Your territorial rights are not dependent upon the achievement of certain sales volumes, market penetration or any other contingency.

Except as disclosed, neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the products and services authorized for sale at a MOMS ON THE RUN Franchised Business under any other trademark or service mark.

**ITEM 13. TRADEMARKS**

We grant you the right to operate your Franchised Business under the name “Moms On The Run.” You also may use our other Trademarks and logos to operate the Franchised Business. You may only use our Trademarks in the manner authorized in writing by us. The following is a non-exhaustive list of Trademarks that you are licensed to use. We or our affiliate, Premier Physique, have filed all required affidavits and renewal registrations for the Trademarks listed below.

<b>Principal Trademark</b>	<b>U. S. Registration or Serial Number</b>	<b>Registration Date</b>	<b>Register</b>
MOMS ON THE RUN	3872484	November 9, 2010	Principal

Premier Physique has granted us the right to use and sublicense the Trademarks under the terms of a Trademark License Agreement between us and Premier Physique dated January 18, 2011 (the “Trademark License Agreement”). We or Premier Physique may terminate the Trademark License Agreement in the event of a breach by the other party that remains uncured thirty (30) days after notice of the breach was provided. Any sublicenses granted by us in existence at the time of termination will continue for the remaining term of the franchise agreement, provided the franchisee continues to comply with the terms of the franchise agreement. A material breach under the Trademark License Agreement includes our: (i) failure or refusal to perform any duty under the Trademark License Agreement, (ii) use of the Trademarks in a manner that Premier Physique believes threatens the validity or integrity of the Trademarks, (iii) failure to comply with any provision of the Trademark License Agreement or any instruction of Premier Physique, or (iv) voluntary or involuntary filing of bankruptcy. We also use and grant you the right to use the Trademarks KIDS ON THE RUN™ and MOTRwell™. We do not have separate federal registrations for these Trademarks. Therefore, these Trademarks do not have as many legal benefits and rights as a federally registered mark, such as our federally registered MOMS ON THE RUN mark. If your right to use these Trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation involving the Trademarks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Trademarks in any manner materials to the franchise.

We have the right to periodically change the list of Trademarks. Your use of the Trademarks and any goodwill is to our exclusive benefit and you retain no rights in the Trademarks. You also retain no rights in the Trademarks when the Franchise Agreement expires or terminates. You are not permitted to make any changes or substitutions respecting the Trademarks unless we direct so in writing. You may not use any Trademark or portion of any Trademark as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized manner. You may not use any Trademark or portion of any Trademark on any website without out prior written approval.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Trademarks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Trademarks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Trademarks. You must notify us promptly of any infringement or unauthorized use of the Trademarks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Trademarks, you will make these changes or substitutions at your own expense.

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

There are no patents, pending patent applications or copyrights currently registered that are material to the franchise. We do claim copyright ownership and protection for the Operations Manual and for certain other written materials we provide to assist you in operating your Franchised Business.

We own certain proprietary or confidential information relating to the operation of the Franchised Business, including information in the Operations Manual and training manual (“Confidential Information”). You must keep confidential during and after the term of the Franchise Agreement the Confidential Information. When your Franchise Agreement expires or terminates, you must return to us all Confidential Information and all other copyright material. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Operations Manual at your cost. We will own all Franchised Business Customer Data that is located on the Computer System. We will periodically establish policies under which we or you may use this Customer Data.

#### **ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

The Franchised Business must at all times be under the direct supervision of your Managing Owner who we have approved and who has satisfactorily completed the Initial Training Program. Your Managing Owner must own an interest in your business entity.

Unless you receive our prior written consent you may not engage in any business or activities other than the ownership and operation of Franchised Businesses under Franchise Agreements that we grant.

Each individual who owns a 10% or greater interest in the franchisee entity is considered a “Principal Owner” and must sign the Guaranty and Assumption of Obligations attached as Exhibit B to the Franchise Agreement. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining the confidentiality of Confidential Information described in Item 14 and complying with the non-compete covenants described in Item 17. In addition, all of your employees who have managerial duties at the Franchised Business, as well as all corporate officers and directors of a corporate franchisee entity (all partners in a partnership), must sign a written agreement to maintain the confidentiality of our Confidential Information described in Item 14 and comply with the non-compete covenants described in Item 17.

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

You must offer and sell only the products and services specified or approved by us in writing. We have the right, without any limitation, to change the products and services you must offer at your Franchised Business. Our right to modify the approved list of products and services at a Franchised Business is not limited.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

	<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 3.1	The term of the franchise will be 5 years (the “Initial Term”), commencing on the date of the Franchise Agreement.
b.	Renewal or extension of the term	Section 3.2	If you are in good standing and subject to other conditions, you can renew the Franchise Agreement for additional 5-year terms.
c.	Requirements for Franchisee to renew or extend	Section 3.2	Provide written notice of your election to renew the Franchise Agreement no earlier than 6 months and no later than 3 months before the expiration of the Franchise Agreement; compliance with all of the terms and conditions of the Franchise Agreement; complete any additional training we designate; sign our then-current form of franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); and sign a general release of claims.
d.	Termination by Franchisee	Section 13.1	If you comply with the Franchise Agreement, and we fail to cure a material provision within 60 days after written notice.
e.	Termination by Franchisor without cause	Not Applicable	Not Applicable
f.	Termination by Franchisor with cause	Section 13.2	We may terminate the Franchise Agreement only if you default.
g.	“Cause” defined - curable defaults	Section 13.2	You have 30 days to cure if you fail to: open the Franchised Business when required, complete training, comply with System Standards, or if you violate any material provision of the Franchise Agreement. You have 10 days to cure a monetary default.
h.	“Cause” defined - non-curable defaults	Section 13.2	Failure on 3 or more occasions in any 12 months to comply with any provision of the Franchise Agreement, repeatedly deceiving customers, material misrepresentation or omission on franchise application, conviction of or proof that you have committed a felony or other crime which harms the Franchised Business’s reputation, insolvency, an assignment of assets to creditors, abandonment of the Franchised Business, defaults which injure the goodwill associated with the Trademarks, use of unapproved website or other unauthorized conduct on the Internet, unauthorized assignment of agreement or interest in Franchised Business, intentionally falsify any information provided to us, and nature of default makes it not curable.
i.	Franchisee’s obligations on termination/non-renewal	Section 14	Pay all amounts due us, stop using and return Operations Manual and other materials, assign to us the Franchised social media accounts, Business telephone number and telephone listing or (at our option) disconnect the telephone number, remove all signs and other materials containing any Trademarks, cancel all fictitious or assumed name filings, cease using Confidential Information, agree not to divert Franchised Business customers to any competing business (also see o, r below).

	<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
j.	Assignment of contract by Franchisor	Section 12.1	There are no restrictions on our right to transfer the Franchise Agreement.
k.	“Transfer” by Franchisee - defined	Section 12.2	Includes transfer of the Franchised Business or its assets, or your interest in the Franchise Agreement or any significant ownership change.
l.	Franchisor approval of transfer by Franchisee	Section 12.2	We have the right to approve all transfers of the Franchise Agreement but will not unreasonably withhold approval.
m.	Conditions for Franchisor approval of transfer	Section 12.2	New franchisee qualifies and completes training, all amounts owed to us or our affiliates are paid, you are in good standing, new franchisee signs our then-current form of franchise agreement, we approve the transfer agreement, transfer fee paid, you sign a non-compete and general release agreement.
n	Franchisor’s right of first refusal to acquire Franchisee’s business	Section 12.4	We can match any offer for your business.
o.	Franchisor’s option to purchase Franchisee’s business	Not Applicable	Not Applicable
p.	Death or disability of Franchisee	Section 12.3	Franchise must be assigned by estate to an approved buyer within a reasonable time following death or disability which may not exceed 6 months. The transfer will be subject to all of the terms and conditions applicable to transfers generally except that the transfer fee will be waived if the third party is your spouse, child or parent.  Prior to a transfer outlined above, your spouse, child, parent or other immediate family member may, if such party otherwise would qualify as a transferee, operate your Franchised Business, provided that such person personally manages the business on a full-time basis and successfully completes our Initial Training Program.
q.	Non-competition covenants during the term of the franchise	Sections 8.2 – 8.3	No involvement in any business that offers group training or exercise classes or any other competing business. No involvement in nutritional sales or programming without our prior approval. No solicitation of customers for any purposes outside of your franchised business.
r.	Non-competition covenants after the franchise is terminated or expires	Sections 8.2 and 8.4	No involvement in any business that provides any fitness-based, exercise-based, nutrition or running-based services or any other competing business for 18 months inside the Territory, within 10 miles of the outer boundary of the Territory, or in the territory of another Franchised Business in operation as of the date of the termination or expiration of the Franchise Agreement. No solicitation of customers for any purpose after termination or expiration.
s.	Modification of the agreement	Section 15.10	No modifications generally, except in writing. We may modify the Operations Manual, Trademarks, System and good/services to be offered by your Franchised Business.
t.	Integration/merger clause	Section 15.12	Only the terms of the Franchise Agreement (including exhibits) are binding (subject to federal or state law). Nothing in the Franchise Agreement is intended to disclaim the representations made in the Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 15.5	Except for any controversy or claim relating to your breach or threatened breach that could cause irreparable damages to us, all actions will be submitted to non-binding mediation prior to the commencement of litigation.

	<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
v.	Choice of forum	Section 15.6	Litigation must be commenced in the federal or state court located closest to our headquarters (currently Columbus, MN) (subject to state law).
w.	Choice of law	Section 15.7	The laws of the state where our principal address is located (subject to state law).

## **ITEM 18. PUBLIC FIGURES**

We employ Carrie Tollefson to promote our System and MOMS ON THE RUN franchised businesses. Ms. Tollefson serves primarily as our salaried Fitness Director to assist in designing our fitness programs, but we also pay her up to \$3,000 per franchise we sell in connection with her promotion services. Ms. Tollefson does not manage or own an interest in us or any of our affiliates but receives bonuses based on company performance. We do not use any other public figures to promote our franchise.

## **ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The following is historic financial performance representations for the periods January 1, 2023 through December 31, 2023. Our representations below include the average and median annual Gross Revenues of MOMS ON THE RUN franchised businesses, broken down into performance by the top and bottom locations each year.

In 2023 the top and bottom twenty percent (20%), included a total of five (5) Franchised Locations per sector. The numbers below do not directly include results on the remaining fifteen (15) Franchised Locations that were open and operating during the entire relevant time period. “Gross Revenues” means all revenue generated by the Franchised Location. This is the same definition we use in other items of this Disclosure Document.

### **2023**

<b>TOP 20% OF FRANCHISED LOCATIONS BY GROSS REVENUES</b>	<b>BOTTOM 20% OF FRANCHISED LOCATIONS BY GROSS REVENUES</b>
<b>CATEGORY AVERAGE GROSS REVENUES</b>	
\$26,508	\$4,453
<b>CATEGORY MEDIAN GROSS REVENUES</b>	
\$27,488	\$4,286
<b>NUMBERS OF LOCATIONS MEETING OR EXCEEDING AVERAGE FOR CATEGORY</b>	

60%	40%
<b>RANGE OF GROSS REVENUES FOR CATEGORY</b>	
<b>\$36,359- \$17,447</b>	<b>\$2,479- \$6,177</b>

It's important to note the figures presented are per franchise unit, not per business owner. Our franchise system as of December 31, 2023 had eight (8) multi-unit owners. Among the units operating year round in 2023, seventy seven percent (77%) of the top half of our units (thirteen (10) of the top fifteen (13) units) were operated by multi-unit franchise owners.

The above annual averages and medians of Gross Revenues for MOMS ON THE RUN Franchised Businesses were calculated by us based on reports on Gross Revenues pulled directly from our customer registration software, where all transactions take place. It is important to note that neither the franchisees nor us audited this information.

The financial information in the above tables shows only historic gross revenues of franchised MOMS ON THE RUN businesses. The financial information above does not reflect the costs of sales, operating expenses, or other costs or expenses that you will incur and that must be deducted from the Gross Revenues to obtain your net income or profit. We will make available written substantiation of the data used in preparing the information above available to you upon reasonable request.

**SOME OUTLETS HAVE EARNED THIS MUCH. YOUR INDIVIDUAL RESULTS MAY DIFFER. THERE IS NO ASSURANCE YOU WILL EARN THIS MUCH.**

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Karissa Johnson, Moms On The Run, LLC, 15226 West Freeway Drive, Columbus, MN 55025, (651) 560-6667, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table Number 1  
Systemwide Outlet Summary  
For Years 2021-2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	44	39	-5
	2022	39	36	-3
	2023	36	25	-11
Company-Owned	2021	6	10	+4
	2022	10	12	+2
	2023	12	16	+4
<b>Total Outlets</b>	2021	50	49	-1

	2022	49	48	-1
	2023	48	41	-7

**Table Number 2**  
**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)**  
**For Years 2021-2023**

	Year	Number of Transfers
<b>Minnesota</b>	2021	4
	2022	0
	2023	0
<b>Total</b>	2021	4
	2022	0
	2023	0

**Table Number 3**  
**Status of Franchised Outlets**  
**For Years 2021-2023**

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at end of year
AZ	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	1	0
CO	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
FL	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
GA	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MN	2021	33	0	0	0	2	1	30
	2022	30	0	2	0	1	0	27
	2023	27	1	4	1	3	0	20
MO	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
ND	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
TX	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
WI	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	1	0	4

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at end of year
	2022	4	0	1	0	2	0	1
<b>Totals</b>	2021	44	1	0	0	4	2	39
	2022	39	2	2	0	3	0	36
	2023	36	1	5	1	5	1	25

**Table Number 4  
Status of Company-Owned Outlets  
For Years 2021-2023**

State	Year	Outlets at start of year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at end of year
CO	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
MN	2021	6	0	2	0	0	8
	2022	8	0	1	0	0	9
	2023	9	0	3	1	1	10
MO	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
TX	2021	0	0	0	0	0	0
	2022	0	0	1	1	0	0
	2023	0	0	0	0	0	0
WI	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	2	0	0	3
<b>Totals</b>	2021	6	0	4	0	0	10
	2022	10	0	3	1	0	12
	2023	12	0	5	1	1	15

**Table Number 5  
Projected Openings As Of December 31, 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
AZ	0	0	0
FL	0	3	0
GA	0	1	0
MN	0	1	0
TX	0	1	0
<b>Total</b>	0	6	0

The names, addresses and telephone numbers of our franchisees in operation as of December 31, 2023, are included on Exhibit F. Exhibit F also includes a list of those franchisees that have had a franchise terminated, cancelled, not renewed, otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, or have not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

During the last three (3) fiscal years, Moms on the Run, LLC has not signed any confidentiality clauses with a franchisee restricting his or her ability to speak to you openly about his or her experience as a franchisee outside of the confidentiality provisions of this agreement.

We are not aware of any trademark-specific franchisee associations.

## **ITEM 21. FINANCIAL STATEMENTS**

Attached as Exhibit D are the audited financial statements of Moms On The Run, LLC for the periods ending December 31, 2023, December 31, 2022, and December 31, 2021, as well as updated unaudited statements for the period ending December 31, 2024. Our fiscal year-end date is December 31<sup>st</sup>.

## **ITEM 22. CONTRACTS**

The Franchise Agreement (including all exhibits) is attached as Exhibit B. The State Addenda are attached as Exhibit E. A general release form is attached as Exhibit G.

## **ITEM 23. RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document are included at the end of this Disclosure Document (Exhibit H). You should keep one copy as your file copy and return the second copy to us.

**EXHIBIT A**

**LIST OF STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
Minnesota	Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600
New York (State Administrator)	New York Department of Law Investor Protection Bureau	28 Liberty St 21 <sup>st</sup> Floor New York, NY 10271 212-416-8285
New York (Agent)	Secretary of State of the State of New York	Secretary of State 99 Washington Ave Albany, NY 12231
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703

**EXHIBIT B**

**FRANCHISE AGREEMENT**

**FRANCHISE AGREEMENT**

**MOMS ON THE RUN, LLC  
15226 West Freeway Drive  
Columbus, MN 55025  
(651) 560-6667**

## TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
1. Definitions .....	1
2. Introduction .....	2
2.1 Award Of Franchise .....	2
2.2 Territory .....	3
2.3 Rights We Reserve.....	4
2.4 Business Opening.....	4
2.5 Other Businesses .....	4
2.6 Business Relocation.....	4
3. Term of Franchise; Renewal Rights .....	5
3.1 Term .....	5
3.2 Renewal.....	5
3.3 Interim Period .....	5
4. Fees and Other Monetary Requirements .....	6
4.1 Initial Franchise Fee.....	6
4.2 Monthly Fee .....	6
4.3 Interest Charges; Late Fees.....	6
4.4 Marketing, Advertising, and Promotion .....	7
4.5 Internet & Website.....	8
4.6 Technology Fee.....	9
4.65 Virtual Classes Fee.....	9
4.7 MOTRwell Nutrition Program Fees.....	9
4.75 Promotional Incentives Fees.....	9
4.8 Kids on the Run Fees.....	9
4.9 Run Club Program Fees.....	9
5. Training and Operating Assistance .....	10
5.1 Training.....	10
5.2 Operating Assistance .....	10
5.3 Operations Manual.....	11
5.4 Delegation of Performance .....	11
6. Trademarks .....	11
6.1 Ownership and Goodwill of Trademarks.....	11
6.2 Limitations on Your Use of Trademarks .....	11
6.3 Notification of Infringements and Claims .....	12
6.4 Litigation.....	12
6.5 Discontinuance of Use of Trademarks.....	12
7. Confidential and Proprietary Information .....	12
7.1 Confidential Information .....	12

7.2	Proprietary Information/Customer Lists .....	13
7.3	Improvements .....	13
8.	Covenants Not To Compete .....	13
8.1	Our Right to Enforce Non-Competition Covenants.....	13
8.2	Non-Solicitation of Customers/Employees.....	13
8.3	Covenant Not to Compete During Term.....	14
8.4	Post-Term Covenant Not to Compete.....	14
8.5	For Your Employees.....	14
8.6	For Your Independent Contractors .....	14
8.7	Guaranty.....	15
9.	System Standards.....	15
9.1	Compliance With System Standards.....	15
9.2	Modification of System Standards.....	15
9.3	Computer System.....	15
9.4	Products, Supplies and Materials.....	17
9.5	Insurance .....	16
9.6	Records, Reports, and Financial Statements .....	17
9.7	Compliance With Laws .....	17
10.	Inspections and Audits .....	17
10.1	Our Right to Inspect Your Franchised Business.....	17
10.2	Our Right to Audit .....	18
11.	Taxes And Advances .....	18
11.1	Taxes .....	18
11.2	Advances.....	18
12.	TRANSFER.....	18
12.1	By Us .....	18
12.2	By You.....	18
12.3	Your Death or Disability.....	19
12.4	Our Right of First Refusal.....	19
13.	Termination of Agreement .....	20
13.1	By You .....	20
13.2	By Us .....	20
14.	Post-Termination Obligations .....	21
14.1	Confidential Information .....	21
14.2	Marks .....	22
14.3	Payment of Amounts Owed to Us .....	22
14.4	Continuing Obligations.....	22

15.	Enforcement .....	22
15.1	Severability .....	22
15.2	Cumulative Rights of Parties .....	23
15.3	Fees And Expenses .....	23
15.4	Nonwithholding Of Payment .....	23
15.5	Mediation .....	23
15.6	Jurisdiction .....	23
15.7	Choice of Law .....	23
15.8	Waiver of Punitive Damages .....	24
15.9	Jury Waiver .....	24
15.10	Binding Effect .....	24
15.11	Limitations of Claims .....	24
15.12	Construction .....	24
15.13	Compliance With Other Laws .....	24
15.14	Waivers .....	24
15.15	Notices and Payments .....	25
15.16	Interpretation of Rights and Obligations .....	25
15.17	Force Majeure .....	25
15.18	Notice of our Potential Profit .....	25
16.	Relationship of the Parties .....	26
16.1	Independent Contractors .....	26
16.2	Indemnification .....	26
16.3	No Liability for Acts of Other Party .....	26
<b>EXHIBIT A</b>	<b>Data Sheet</b>	
<b>EXHIBIT B</b>	<b>Personal Guaranty</b>	
<b>EXHIBIT C</b>	<b>Acknowledgment Addendum</b>	

**MOMS ON THE RUN, LLC  
FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between Franchisor, Moms On The Run, LLC, a Minnesota Limited Liability Company, with its principal place of business at 15226 West Freeway Drive, Columbus, MN 55025 (“we,” “us” or “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ formed and operating under the laws of the State of \_\_\_\_\_, or \_\_\_\_\_, an individual, with a principal place of business at \_\_\_\_\_ (“you” or “Franchisee”).

**RECITALS**

- A. We have developed a unique system for operating a group fitness and exercise business that provides, among other services, group running, walking, training, fitness, strength and toning classes and programs.
- B. Our affiliate, Premier Physique, LLC, owns the MOMS ON THE RUN trademarks and other related trademarks and service marks used in operating the System, and has granted us the right to license those trademarks and service marks to third parties.
- C. You desire the right to develop and operate a MOMS ON THE RUN business using the System at a specific location.
- D. We have agreed to grant to you, the right to develop and operate a MOMS ON THE RUN business subject to the terms and conditions of this Agreement.

**AGREEMENT**

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

**1. DEFINITIONS**

- A. “Abandon” means failure to operate the Franchised Business during the Prime Season for a period of ten (10) consecutive days without our prior written consent unless such failure is due to an event of “force majeure” as described in Section 15.17 below.
- B. “Prime Season” means those months when outdoor programming is the primary offering to customers. We will determine the Prime Season for your Franchised Business. You will operate the Franchised Business from the Authorized Outdoor Location (defined in Section 2.1 below) during the Prime Season.
- C. “Confidential Information” means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, systems and knowledge of and experience in operating and franchising MOMS ON THE RUN businesses that we communicate to you or that you otherwise acquire in operating the Franchised Business under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.
- D. “Franchised Business” means the group exercise and fitness business you develop and operate under the MOMS ON THE RUN Trademarks pursuant to the terms and conditions of this Agreement. The Franchised Business will offer, among other things, group running, walking, training, fitness, strength and toning classes and programs.

E. “Managing Owner” means the individual, approved by us, who will oversee the day-to-day operation of your MOMS ON THE RUN Franchised Business. You or, if applicable, a Principal Owner will serve as the Managing Owner. The Managing Owner must complete our Initial Training Program to our satisfaction. Your Managing Owner will be designated on Exhibit A.

F. “Manuals” or “Operations Manual” means our Operations Manual and any other collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of all policies, procedures and recommendations for your MOMS ON THE RUN Franchised Business, all of which we may change from time to time.

G. “Off Season” means those months when weather conditions are less ideal and programming is adapted to include indoor workouts. Your franchise may or may not have an Off Season. We will determine the Off Season for your Franchised Business. You are required to operate your Franchised Business during the Off Season through alternate programming as applicable to your climate. If you choose to operate your Franchised Business indoors during the Off Season, the Franchised Business must be operated from an authorized Indoor Location (as defined in Section 2.1 below).

H. “Principal Owner” means any person or entity who directly or indirectly owns a ten percent (10%) or greater interest in you (if you are an entity). If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a ten percent (10%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a ten percent (10%) or greater interest in such general partner. If you are one or more individuals, each individual will be deemed a Principal Owner.

I. “Protected Area” means the geographic area identified on Exhibit A.

J. “System” means the MOMS ON THE RUN system which includes operating a group exercise and fitness business under the Trademarks, using certain distinctive types of equipment, supplies, Confidential Information, business techniques, methods, specifications and standards, as we periodically may modify and further improve.

K. “Territory” means the geographic area identified on Exhibit A.

L. “Trademarks” means the MOMS ON THE RUN trademark, and the other trademarks, service marks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the System.

## 2. INTRODUCTION

### 2.1. Award Of Franchise

Subject to the provisions contained in this Agreement, we grant you a franchise (the “Franchise”) to own and operate a MOMS ON THE RUN Franchised Business at a site approved by us and to use the Trademarks in operating the Franchised Business. The location of the Franchised Business (“Authorized Outdoor Location”) will be identified on Exhibit A to this Agreement. Your Authorized Outdoor Location will be a park, reserve, trail or other outdoor recreational location we approve. You will operate the Franchised Business from the Authorized Outdoor Location during the Active Season. If you do not have an Authorized Outdoor Location for your Franchised Business when you sign this Agreement, you and we will update Exhibit A when an Authorized Outdoor Location has been selected. You and we must agree on an Authorized Outdoor Location for your Franchised Business within thirty (30) days of signing this Agreement or we may terminate the Agreement. By signing this Agreement, you accept the Franchise and undertake the obligation to operate a MOMS ON THE RUN

Franchised Business at the Authorized Outdoor Location using the Trademarks and System in compliance with the terms and conditions of this Agreement.

We require you to operate your Franchised Business during the Off Season, and we must approve the specific location (the “Indoor Location”), which must be located inside the Territory. You will operate the Franchised Business from the Indoor Location only during the Off Season. We reserve the right to require you to relocate your Indoor Location (at your expense) in the event that your Indoor Location is located inside a new franchisee’s protected area, even if such franchisee’s protected area is designated after we consent to your Indoor Location.

As outlined further in the Operations Manual, we may impose restrictions on the number of customers that attend a particular group exercise or fitness class offered by your Franchised Business. You may be required to offer additional classes from the Authorized Outdoor Location or, if applicable, the Indoor Location, depending on the number of customers who attend the class. You must obtain our prior written approval before you enroll more than 60 customers with your Franchised Business.

## 2.2. Territory

You will receive a Protected Area surrounding the Authorized Outdoor Location of your Franchised Business as designated on Exhibit A to this Agreement.

In addition to the Protected Area, you also will be assigned to a “Territory” which will be the geographical city in which your Authorized Outdoor Location is located, as designated on Exhibit A to this Agreement. Typically, the following principles will apply to the Territory:

<b>Territory Size*</b>	<b>Maximum Number of Franchisees</b>
39,999 in population or less	1 franchisee
40,000 – 79,999 in population	2 franchisees
80,000 – 119,999 in population	3 franchisees
120,000 or more in population	We reserve the right to determine the maximum number of franchisees, but generally 1 franchisee will be permitted per 40,000 in population

\* Territory Size will be based on the most-recently available U.S. Census data statistics available at the time you sign this Agreement.

During the term of this Agreement and provided you are in compliance with the terms and conditions of this Agreement, we will not (i) modify the Protected Area without your written permission, or (ii) locate either a company-owned or franchised MOMS ON THE RUN business within the Protected Area that offers the same products and services as your MOMS ON THE RUN Franchised Business, except for Merger/Acquisition Activity (as defined and described below). While we will not locate either a company-owned or franchised MOMS ON THE RUN business inside the Protected Area, you acknowledge and agree that the Protected Area may overlap the protected area granted to us, our affiliates, or another franchisee.

The license granted to you does not include: (i) any right to offer or sell products or services from any location other than the Authorized Outdoor Location or Indoor Location (except with our advance written consent), (ii) any right to sell products or services to any person or entity for resale or further distribution, except as we may designate in writing, or (iii) any right to exclude, control or impose conditions on our development of future franchised, company or affiliated owned MOMS ON THE RUN businesses at any time or at any location outside the Protected Area.

Except as expressly stated in this Agreement, you may market inside your Territory only. You may, however, advertise in a newspaper, magazine or through another medium with a general distribution base, provided a portion of the distribution area includes your Territory. You may not, unless in connection with other MOMS ON THE RUN franchisees and provided you obtain our prior written consent, engage in marketing or advertising that targets areas outside of your Territory.

### 2.3. Rights We Reserve

We and our affiliates retain all rights that are not expressly granted to you in this Agreement. Further, we may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

- A. establish and/or license others the right to establish franchised or company-owned MOMS ON THE RUN businesses at any location outside the Protected Area, provided we will comply with the Territory restrictions outlined above;
- B. establish and/or license others the right to establish franchised or company-owned businesses at any location inside or outside your Protected Area that offer services similar to those offered by your MOMS ON THE RUN Franchised Business under other trademarks;
- C. merge with, acquire or become associated with (“Merger/Acquisition Activity”) any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the MOMS ON THE RUN Trademarks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your MOMS ON THE RUN Franchised Business, and which may be located anywhere inside or outside the Protected Area;
- D. sell and distribute for ourselves and/or license others to sell and distribute through alternate channels of distribution, including the Internet, within and outside the Protected Area, products or services the same as or different from the products and services offered from your Franchised Business, and which are offered and distributed under marks the same as or different than the Trademarks; and
- E. advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Trademarks.

We are not required to pay you if we exercise any of the rights specified above inside the Protected Area.

### 2.4. Business Opening.

You may not begin operating your Franchised Business until you receive our written approval. You must begin operating your Franchised Business within one hundred twenty (120) days of the Effective Date of this Agreement. If you fail to do so, we may terminate this Agreement or grant you an extension of time to open your Franchised Business. We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to open by a particular date.

### 2.5. Other Businesses

It is agreed and understood that no other business or business operations may be undertaken through your Franchised Business entity without our prior written permission.

## 2.6. Relocation of Franchised Business

You may not relocate the Franchised Business from the Authorized Outdoor Location and/or Indoor Location without our prior written consent. We will not unreasonably withhold our consent to the relocation provided: (i) the new location is inside the Territory, (ii) the new location does not infringe on any territory rights granted to another MOMS ON THE RUN franchisee.

## 3. **TERM OF FRANCHISE; RENEWAL RIGHTS**

### 3.1. Term

The term of this Agreement commences on the Effective Date and expires five (5) years after the Effective Date.

### 3.2. Renewal

Upon the expiration of this Agreement, you will have the right to renew the Franchise for additional terms of five (5) years (the “Successor Terms”), provided you meet the following conditions:

1. you give us written notice of your election to renew this Agreement no earlier than six (6) months and no later than three (3) months, before the expiration of this Agreement;
2. you have complied with all material provisions of this Agreement, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures;
3. your Managing Owner completes, to our satisfaction, any refresher training programs we require. You are responsible for travel, living and compensation costs of attendees;
4. you sign our then-current form of franchise agreement (the terms of which may differ materially from the term so this Agreement); and
5. you and each Principal Owner signs a general release, in a form acceptable to us, of all claims against us and our affiliates, officer, directors, employees, and agents.

### 3.3. Interim Period.

If you do not exercise your right to renew this Franchise Agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the “Interim Period”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations under this Agreement will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period

## 4. FEES AND OTHER MONETARY REQUIREMENTS

### 4.1. Initial Franchise Fee

On or before you sign the Franchise Agreement you must pay us a licensing fee of \$1,000, plus a first-year training fee of \$3,995 and a location fee of \$5,000, unless discounted as designated below (collectively, the “Initial Franchise Fee”). Additional territories purchased at the same time as this initial agreement are \$5,000 each.

If you are an existing MOMS ON THE RUN franchisee and you agree to open and operate a second or subsequent MOMS ON THE RUN Franchised Business, your Initial Franchise Fee will be calculated as follows:

1. If the second or subsequent Franchised Business is located in the same Territory as your existing Franchised Business and the Territory has a population of 120,000 or less then the Initial Franchise Fee will be \$1,000.
2. If the second or subsequent Franchised Business is located in the same Territory, but the Territory has a population of more than 120,000 then the Initial Franchise Fee will be 75% of our then-current Initial Franchise Fee.
3. We discount the Initial Franchise Fee by 10% for veterans.

The Initial Franchise Fee is fully earned by us when we sign this Agreement and is non-refundable.

### 4.2. Monthly Fee

Commencing on the first month you begin classes and for each month thereafter you will pay us a non-refundable Monthly Fee of One Hundred Ninety-Five Dollars (\$195) per month, plus Ten Dollars (\$10) per customer for each customer over sixty (60) customers enrolled in your Franchised Business during the months they are active in your program. You must obtain our prior written approval before you enroll more than 60 customers with your Franchised Business.

If you operate a second or subsequent MOMS ON THE RUN franchised business in your Territory, and the Territory has a population of 120,000 or less, your Monthly Fee will be reduced by twenty-five percent (25%) for that second and each subsequent franchised business. The Monthly Fee is due and payable on the first day of each month. For the first twenty-four (24) months that you own your Franchised Business, the Monthly Fee will remain the same. Thereafter, we may increase the Monthly Fee by five percent (5%) each calendar year without advance notice to you. The Monthly Fee will not increase more than a total of five percent (5%) each calendar year.

### 4.3. Fee Collection; Interest Charges; Late Fees

You must pay all fees and other amounts due to us via electronic funds transfer or other similar means. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax, provided this does not apply to any federal or Minnesota income taxes we or our affiliates are required to pay. All Monthly Fees and other amounts which you owe to us or our affiliates will bear interest after the due date at the lesser of: (i) eighteen percent (18%) per annum; or (ii) the maximum contract rate of interest permitted by applicable law. In addition to the interest charges,

we reserve the right to charge a late fee of Twenty Five Dollars (\$25), or the maximum rate applicable by law, for each delinquent payment that you owe to us under the Agreement. A payment is delinquent for any of the following reasons: (i) we do not receive payment on or before the due date; or (ii) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the due date. The late fee is not interest or a penalty, it is only to compensate us for increased administrative and management cost due to late payment.

4.4. Marketing, Advertising, and Promotion

A. Local Marketing Requirement. During the term of this Agreement, you must comply with the following local advertising requirements:

<b>Minimum Amount</b>	<b>Time Period</b>
\$1,200	Grand Opening, the First 3 Months
\$1,000	Months 4-12
\$2,000	Year 2
\$1,800 per year	Years 3-10

We reserve the right to increase the minimum dollar amount you are required to spend on local advertising provided we will not require you to spend more than Three Thousand Dollars (\$3,000) in any calendar year. During the first year that you operate the Franchised Business, any fees paid to an advertising cooperative (as described further below) will be credited toward your local advertising requirements.

We reserve the right to implement a local digital marketing program where we create and manage local ads and/or manage SEO on behalf of our franchisees. If and when we require this service, the cost we require will count towards your local advertising requirement. We anticipate the required investment to be \$100-\$150 a month per franchise.

If you do not meet the following minimum annual sales volume (“Minimum Sales Volume”) by the end of your second and subsequent years of operations, you will be required to spend additional funds on local advertising until you meet the minimum sales requirement, up to the maximum of \$3,000 of spending on local advertising per calendar year. We must approve the manner of additional advertising that is required due to your failure to meet the Minimum Sales Volume.

<b>Minimum Annual Sales</b>	<b>Time Period</b>
\$9,000	Year 2 of Franchised Business Operations
\$13,000	Year 3 and Subsequent Years of Franchised Business Operations

You must use our approved advertising and marketing materials or receive our written approval before using any advertising and promotional materials you create. If you do not receive written approval within thirty (30) days of receipt, such advertising and promotional materials will be considered unapproved. We reserve the right to require you to submit a marketing plan for our approval. We may offer and sell advertising, marketing, and promotional materials at any time. You are not obligated to purchase any such materials from us. We reserve the right to select suppliers from which you must purchase advertising materials. Should you elect to purchase such materials from someone other than us or our approved supplier, they must meet System standards and specifications.

All advertising and marketing materials are required to comply with our guidelines as specified in our Operations Manual.

B. Advertising Cooperative Area. If we establish a regional advertising cooperative in your area, you must participate in, support and contribute a proportionate share, but no more than an amount equal to Fifty Dollars (\$50) per month to the advertising cooperative. We reserve the right to designate regional and local advertising markets, to establish regional advertising councils and to establish the bylaws and other rules under which such councils will operate. During the first year that you operate the Franchised Business, your contributions to regional and local advertising cooperatives will be credited toward your local advertising obligations described in Section 4.4(A) above.

C. Cross Marketing and Promotion with Other Businesses. You must receive prior written approval from us before engaging in any cross marketing or cross promotion with any other business or charity. In general, we encourage cross marketing and cross promotion with other businesses and organizations.

D. National Brand Marketing Fee. Commencing on the first month you start classes and for each month thereafter you will pay us a non-refundable National Brand Marketing Fee of Fifty Dollars (\$50) per month. We may increase this fee upon notice to you, provided we will not increase it to more than Ninety-Five Dollars (\$95) per month. The National Brand Marketing Fee will be paid in the same manner as the Monthly Fee and must be paid on the first day of the month.

#### 4.5. Internet & Website

We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Trademarks. We or our affiliates will maintain a website for the benefit of all company-owned and franchised MOMS ON THE RUN businesses. You have the right to access our website and, as described further in the Operating Manual, we will provide one or more references or webpage(s) to your MOMS ON THE RUN Franchised Business within our website. You agree not to establish a website or permit any other party to establish a website that relates in any manner to your MOMS ON THE RUN Franchised Business or referring to the Trademarks, except as we may designate or approve in writing. We will determine the content and use of the MOMS ON THE RUN website and extranet system and will establish rules under which franchisees will participate. We will retain all rights relating to the MOMS ON THE RUN website and extranet system and may alter or terminate the website or extranet system upon thirty (30) days' notice to you. Your general conduct on the Internet and the MOMS ON THE RUN extranet system, and specifically your use of the Trademarks or any advertising on the Internet (including the domain name and any other Trademarks we may develop as a result of participation in the Internet), will be subject to the provisions of this Agreement.

Except as we may authorize in writing, however, you will not: (i) use or display the Trademarks as part of any website or webpage that is not linked to our website or any other website we designate; (ii) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication); (iii) create or register any Internet domain name in any connection with your Franchise; and (iv) use any email address which we have not authorized for use in operating the Franchised Business. You will not register, as Internet domain names, any of the Trademarks or any abbreviation, acronym or variation of the Trademarks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote your Franchised Business or conduct any business on the Internet, including using social and professional networking sites to promote your Franchised Business, except as provided in our Operations Manual and with our prior written approval.

If we ever do approve in writing a request for you to use a separate website (although we are not required to permit you do so), then we have the right to require that you comply with the standards, specifications, conditions, and requirements relating to such websites that we may periodically prescribe in the Operating Manual or otherwise in writing.

You acknowledge that certain information obtained through your online participation in the website or extranet system is considered Confidential Information, including access codes and identification codes. Your right to participate in the MOMS ON THE RUN website or extranet system or otherwise use the Trademarks or the System on the Internet will terminate when this Agreement expires or terminates.

#### 4.6. Technology Fee

You will pay us a non-refundable Technology Fee of Seventy-Five Dollars (\$75) per month. We reserve the right to increase this fee upon notice to you to cover our then current costs. The Technology Fee will be paid in the same manner as the Monthly Fee and must be paid on the first day of the month.

#### 4.65 Virtual Classes Fee

We will retain all rights to virtual training opportunities such as online fitness classes, and these are distributed nationally to all customers of our franchise system. You will have the option to provide online fitness classes, to your local customers only, for a Virtual Classes Fee of Forty Dollars (\$40) per month. The Virtual Classes Fee will be paid in the same manner as the Monthly Fee and must be paid on the first day of the month in which online classes are offered for as long as you choose to offer Virtual Classes. You may incur additional charges related to technology from external service providers such as online meeting software.

In addition, you may opt to offer your members virtual classes provided by our nationwide instructor for a fee that varies based on national participation level. Currently we offer national yoga for a fee of \$8 per franchise per class time you want to offer.

#### 4.7. MOTRwell™ Nutrition Program Fees

If we require this program offering or if you choose to participate and we approve you to do so, we will provide you with certain materials regarding nutrition programming that you may offer to your customers, and you will pay us our then-current fee for each customer that participates. The fee will depend on the services offered for the particular program and will always be less than the revenues received by the customer for that program. Fees for MOTRwell will be paid in the same manner as the Monthly Fee and must be paid on the first day of the month for each month of MOTRwell programming.

#### 6.75 Promotional Incentives Fees

We may choose to require certain nationwide promotions that will require you to purchase customer gifts and rewards. Currently we offer 3 main challenges in a year as well as 3 incentive periods for joining our program. In addition, we may require gifts for rewarding member referrals. Promotional items typically range from \$5 - \$15 per customer participating in the incentive or program.

#### 4.8 Kids on the Run™ Fees

You will have the option to request to offer Kids on the Run classes (“KOTR”). You must provide us with written notice if you wish to offer KOTR. Your participation in KOTR is subject to our approval, which we may grant in our sole discretion. You will pay us a monthly fee equal to the greater of (a) One Hundred Dollars (\$100), (b) ten percent (10%) of your gross revenues from the KOTR program, as determined using generally accepted accounting principles. Fees for Kids on the Run will be paid in the same manner as the Monthly Fee and must be paid on the first day of the month for as long as you choose to offer KOTR.

#### 4.9 Run Club Program Fees

If, with our approval, which may be given in our sole discretion, you choose during the Off Season to participate in a regional running club through the Road Runners Club of America (“RRCA”) which we coordinate, you will pay us an annual fee of Fifteen Dollars (\$15) for each enrolled customer. We may increase this fee to cover our costs at any time

based on participation levels and current rates charged by RRCA. Fees for this program will be paid in the same manner as the Monthly Fee. We will pay the costs of the RRCA membership and insurance on behalf of the System.

## 5. TRAINING AND OPERATING ASSISTANCE

### 5.1. Training

A. Initial Training Program. Before you begin operating your Franchised Business, we will provide, and your Managing Owner and, if applicable, primary coach, must attend our initial training program (the “Initial Training Program”) on the operation of a Franchised Business. The Initial Training Program is currently provided via online materials. Your Managing Owner and, if applicable, primary coach must complete the Initial Training Program to our satisfaction and failure to do so may result in the termination of this Agreement. We do not charge a fee for the Initial Training Program, but you are solely responsible for all compensation, costs and expenses that your Managing Owner and primary coach incur while training.

All individuals that attend the Initial Training Program will be required to execute our then current Confidentiality and Non-Compete Agreement prior to the start of training.

B. Periodic Refresher or Additional Training. Your Managing Owner and, if applicable, primary coach, must attend any periodic refresher or additional training courses, conferences, and conventions that we require. We may charge you our then-current fee(s) for the supplemental and/or refresher training programs. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all compensation, travel, lodging and living expenses that your Managing Owner and, if applicable, primary coach incur while attending such session. If we choose not to require you to attend in person, we will still require the same fee for contribution towards our costs. We may or may not be able to provide access to the training materials online following the event. Additionally, if we require your coaches to complete an annual training that we specify, you must pay us our then-current fee for each coach completing the training. If you have independent contractors, they must pay their own training costs.

(15) C. Adult CPR Certification and Instructor Certification. Your Managing Owner must obtain and maintain at all times during the term of this Agreement current adult CPR certification. Any additional employees or contractors who teach any fitness or exercise classes also must obtain and maintain current adult CPR certification. We reserve the right to request proof of the required adult CPR certification(s). In addition, you and all of your employees and contractors that conduct group fitness classes must obtain and maintain one of the following nationally accredited instructor certifications: group exercise, personal trainer or run instructor. We have negotiated with the American Council on Exercise to offer a group fitness instructor certification for a forty-five percent (45%) reduced rate to instructors in our System.

### 5.2. Operating Assistance

We will advise you on operational issues and provide assistance in operating the Franchised Business as we deem appropriate. Operating assistance may include advice regarding the following:

1. Assistance in your evaluation and selection of an Authorized Outdoor Location and, if applicable, an Indoor Location;
2. Advisory services relating to the operation of the Franchised Business;
3. Updates to approved supplies and suppliers;

4. Updates to the Operations Manual;
5. Marketing assistance and sales promotion programs.

We will provide such guidance, as we deem appropriate, through our Operations Manual and other written materials, telephone conversations, trainings and/or other meetings between you and us.

### 5.3. Operations Manual

We will loan to you during the term of this Agreement one copy of our Operations Manual. The Manual contains mandatory and suggested policies, specifications, standards, and operating procedures (the “System Standards”) that we develop from time to time for the operation of the Franchised Business, and information on your other obligations under this Agreement and related agreements. We may modify the Manual from time to time to reflect changes in our System Standards.

You must keep your copy of the Manual current and in a secure location in the principal office of your Franchised Business. In the event of a dispute over its contents, the master copy of any Manual that we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual.

### 5.4. Delegation of Performance

You agree that we have the right to delegate the performance of any portion or all of our obligations and duties under this Agreement to designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

## 6. TRADEMARKS

### 6.1. Ownership and Goodwill of Trademarks

You acknowledge that you have no interest in or to the Trademarks and that your right to use the Trademarks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the term of the Franchise. You agree that your use of the Trademarks and any goodwill established exclusively benefits us and our affiliate, and that you receive no interest in any goodwill related to your use of the Trademarks or the System. You must not, at any time during the term of this Agreement or after your termination or expiration, engage in any conduct directly or indirectly that would infringe upon, harm or contest our or our affiliate’s rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative or other inappropriate manner in any media, including but not limited to print or electronic media, contest or assist any other person in contesting the validity or ownership of any of the Trademarks.

### 6.2. Limitations on Your Use of Trademarks

You agree to use the Trademarks as the sole identification of the Franchised Business, but you must identify yourself as the independent owner in the manner we direct. You must not use any Trademark as part of any corporate or trade name or in any modified form, and you may not use any Trademark in selling any unauthorized product or service or in any other manner unless we have expressly authorized such use in writing. You may use the Trademarks on various materials such as business cards, stationery and checks provided you (i) accurately depict the Trademarks on the materials as we describe, (ii) include a statement on the materials indicating that the Franchised Business is independently owned and operated by you, (iii) do not use the Trademarks in connection

with any other trademarks, trade names or service marks unless we specifically approve in writing and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks. You agree to display the Trademarks prominently and in the manner we direct on all signs, materials and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

### 6.3. Notification of Infringements and Claims

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Trademark, or of any claim by any person of any rights in any Trademark, or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us and our attorneys regarding any infringement, challenge, or claim. We may take any action we deem appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim relating to any Trademark. You will sign all documents, render the assistance, and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding, or to otherwise protect and maintain our interest in the Trademarks.

### 6.4. Litigation

You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Trademarks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you relating to the Trademarks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Trademarks. We will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Trademarks. We and our legal counsel will have the right to control and conduct any litigation relating to the Trademarks.

### 6.5. Discontinuance of Use of Trademarks

You may not make any changes or substitutions to the Trademarks unless we so direct in writing. We reserve the right, in our sole business judgment, to modify or discontinue the use of any Trademark and/or use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you.

## **7. CONFIDENTIAL AND PROPRIETARY INFORMATION**

### 7.1. Confidential Information

You acknowledge and agree that you will not acquire any interest in the Confidential Information, other than the right to use it in developing and operating your Franchised Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You also acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of Confidential Information disclosed via electronic medium or in written or other tangible form; (iv) will adopt and implement all reasonable procedures that we direct to prevent unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure to employees of your Franchised Business; and (v) will sign a Confidentiality Agreement and will require all employees and independent contractors with access to the Confidential Information to sign such an agreement in a form we approve.

The foregoing restrictions will not apply to such information that is required to be disclosed by order of a competent court or governmental authority, provided, however, that (i) you provide us with prompt written notice of any claim or litigation that could give rise to such a requirement; (ii) you furnish only that portion of the Confidential Information that you are required to disclose; and (iii) you advise the governmental authority of your confidentiality obligations under this Agreement.

### 7.2. Proprietary Information/Customer Lists

You acknowledge and agree that we own any and all Customer Data (defined below) that you may develop during the normal course of operating your Franchised Business. You must maintain and make available to us upon demand an up-to-date list of all current, prospective and former customers in the format we request, including their name, telephone number, email address, complete mailing address, frequency of service, last date serviced, and price of service (collectively, the “Customer Data”). You may not delete any Customer Data from the Computer System. The information will be utilized periodically in the development and execution of various marketing strategies for the mutual benefit of the System. You may not use any Customer Data for any purpose other than in the normal operation of your Franchised Business without our prior written approval. We reserve the right to use the Customer Data as we deem appropriate. Upon the expiration or termination of this Agreement you will have no further right to use the Customer Data and must turn all Customer Data over to us.

### 7.3. Improvements

You must fully and promptly disclose to us all ideas, concepts, methods, techniques, improvements, additions and Customer Data relating to the development and/or operation of a MOMS ON THE RUN business or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Franchised Business, or any advertising or promotion ideas related to the Franchised Business (collectively the “Improvements”) that you and/or your employees conceive or develop during the term of this Agreement. All such Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the Improvement. You agree that we have the perpetual right to use and authorize others to use the Improvements without any obligation to you for royalties or other fees.

## 8. COVENANTS NOT TO COMPETE

### 8.1. Our Right to Enforce Non-Competition Covenants

You acknowledge and agree that a violation of the covenants not to compete as listed in this Section, will result in immediate and irreparable injury to us for which no adequate remedy at law is available. Therefore, you consent to the entry of an injunction (without the posting of bond) prohibiting any conduct by you in violation of the terms of the covenants not to compete. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement or otherwise, will not constitute a defense to the enforcement by us of these covenants not to compete. If we prevail, you must pay all costs and expenses (including reasonable attorneys’ and experts’ fees) incurred by us in connection with the enforcement of these covenants not to compete. The protection awarded in this Agreement will be in addition to, and not in lieu of, all other protections for such trade secrets and confidential information as may otherwise be afforded in law or in equity.

### 8.2. Non-Solicitation of Customers/Employees

You and we covenant and agree that, during the term of this Agreement, and for a period of eighteen (18) months thereafter, you and we will not, directly or indirectly: (i) divert or attempt to divert any business, customer of the

Franchised Business or of any other MOMS ON THE RUN businesses or the System to any competing business; (ii) employ or seek to employ any person employed by you or us, or any other person who is at that time operating or employed by or at any other MOMS ON THE RUN business, or otherwise directly or indirectly induce such persons to leave their employment; and (iii) solicit customers for any purposes other than the allowed services of your franchised business or by any means other than approved communication methods of your franchised business.

### 8.3. Covenant Not to Compete During Term

You (and each Principal Owner) will not, during the term of this Agreement, engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering group fitness or exercise classes considered to be the same as or similar to the services offered by your Franchised Business except for: (i) other Franchises under Franchise Agreements we enter into with you; or (ii) with our prior written permission.

### 8.4. Post-Term Covenant Not to Compete

You (and each Principal Owner) will not, for a period of eighteen (18) months from the time of expiration or termination of this Agreement, or the date you cease to conduct business under this Agreement, whichever is later, directly or as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity (including as a Franchisee or Franchisor) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or business engaged in any business that provides any group fitness-based, exercise-based or running-based business which could reasonably be determined to compete with the services offered by your Franchised Business within:

- (1) the Territory;
- (2) any territory granted to another MOMS ON THE RUN franchisee as of the date of the termination or expiration of this Agreement;
- (3) a ten (10)-mile radius from the outside boundary of the Territory.

### 8.5. For Your Employees

At the start of their employment, you must require, as consideration for employment, each of your employees to execute nondisclosure and confidentiality agreements that we have approved. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding our System or the operation of your Franchised Business, which is deemed confidential or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your Franchised Business after the termination of their employment, except in their capacities as employees of your Franchised Business. We may require at any time that a fully signed copy of each employee non-disclosure and confidentiality agreement will be sent to us.

### 8.6. For Your Independent Contractors

At the start of their contractual obligation as an independent contractor (subcontractor), you must require, as consideration for a contractual relationship, each of your independent contractors to execute nondisclosure and confidentiality agreements that we have approved. Such agreements will prohibit disclosure, by the independent contractor to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding our System or the operation of your Franchised Business, which is deemed confidential or proprietary by us. Such independent contractor non-disclosure and confidentiality agreements will, to the fullest

extent permitted by applicable law, prevent independent contractors from servicing or soliciting any of the customers of your Franchised Business, except in their capacities as independent contractors of your Franchised Business. We may require at any time that a fully signed copy of each independent contractor non-disclosure and confidentiality agreement will be sent to us.

#### 8.7. Guaranty.

All Principal Owners of you, if you are a corporation, partnership or other entity, must sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit B (the “Guaranty Agreement”). Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of you will, as a condition of becoming a Principal Owner, sign the Guaranty Agreement. You will furnish to us at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form we reasonably require, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes a franchisee.

### 9. SYSTEM STANDARDS

#### 9.1. Compliance with System Standards

You acknowledge and agree that the operation and maintenance of your Franchised Business according to System Standards are essential to preserve the goodwill of the Trademarks and all MOMS ON THE RUN businesses. The Manual and this Agreement contain the System Standards. You agree to comply with the Systems Standards at all times during the term of this Agreement. Further, at all times during the term of this Agreement, you agree that the Managing Owner will devote best efforts to operating and maintaining the Franchised Business according to all System Standards. System Standards may be periodically modified and supplemented during the term of this Agreement. Furthermore, you agree to use your best efforts to assure that your employees and representatives conduct themselves in a manner which is consistent with the professional and ethical image of our System Standards as specified and periodically amended in the Operations Manual.

#### 9.2. Modification of System Standards

You acknowledge and agree that our System must continue to evolve in order to reflect changing market conditions and to meet new and changing consumer demands. As a consequence, changes, modifications, and variations to our System’s Standards may be required from time to time to preserve and enhance the public image of our System and enhance the operational efficiency of all franchises. You, therefore, agree that we may periodically and upon notice, add to, modify, or change our System, and you must promptly comply with all such additions, modifications, and changes at your expense. Your failure to comply with modifications to System Standards will constitute a default of this Agreement and may provide us with the right to terminate this Agreement as outlined in Section 13.2.

#### 9.3. Computer System.

You will use in the Franchised Business the computer system, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed and/or selected for the System (the “Computer System”). You may use your personal computer in connection with the operation of the Franchised Business if it meets our standards and specifications. We may change or modify the Computer System from time to time and you must comply with any such changes or modifications. We also may access financial information and Customer Data produced by or otherwise located on your Computer System. We own the Customer Data that is stored on the Computer System and you assign your rights in the Customer Data to us. We periodically will establish policies respecting the use of the Customer Data. You will have at the Franchised Business Internet access with a

form of high-speed connection as we require. You will use an email address we designate or approve for communication with us. You must acquire and maintain a dedicated MOMS ON THE RUN telephone line and voicemail. We reserve the right to require the specific type and/or carrier that you must use. The computer hardware and software components of the Computer System must comply with specifications we develop. We reserve the right to require you to use any proprietary software programs developed by us or a third party we designate (the "Proprietary Software"). You may be required to enter into our or a third-party supplier's standard form computer software access or license agreement in connection with your use of the Proprietary Software and you may be required to pay fees to the provider of the Proprietary Software or of other required services. You will pay us or our third-party supplier any fees we or they designate related to your use of the Proprietary Software. We have the right to designate a single source from which you must purchase the Computer System, any software or hardware components thereof or associated service, and we or our affiliates may be that single source. You will be required to use and pay for all future updates, supplements and modifications to the Computer System.

#### 9.4. Products, Supplies and Materials.

You agree that the Franchised Business will only offer for sale those products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. Certain products, equipment, supplies, materials and services must be purchased from suppliers approved by us (which may include us and/or our affiliates). We periodically may modify the lists of approved brands and suppliers, and you will comply with such modified lists of approved brands and suppliers. If you propose to offer for sale or purchase any products, equipment, supplies, materials or other services which we have not approved, you must first notify us in writing and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you within a reasonable time whether or not the proposed brand and/or supplier is approved. We may develop procedures for the submission of requests for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We will have the right to charge each proposed supplier a reasonable fee in reviewing a proposed brand or supplier. We may impose limits on the number of suppliers and/or brands for any products, equipment, supplies, materials and services to be used in the Franchised Business. You agree that certain products, materials, and other items and supplies may only be available from one source, and we or our affiliates may be that source. You will pay the then-current price in effect for approved products, equipment, supplies, materials and services you purchase from us, our affiliates or any third party we designate. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT WE DISTRIBUTE OR THAT THIRD PARTIES APPROVED BY US MANUFACTURE OR DISTRIBUTE FOR USE IN THE SYSTEM.

#### 9.5. Insurance

You agree to purchase and maintain in force, at your expense, the following insurance: coverage for "bodily injury," "property damage," and "personal and advertising injury" with no exclusions or limitations with minimum limits of One Million Dollars (\$1,000,000) general aggregate, Five Hundred Thousand Dollars (\$500,00) personal injury and Five Hundred Thousand Dollars (\$500,00) per occurrence, and any other insurance to meet statutory requirements. All insurance policies will: (i) be issued by an insurance company that meets our standards and requirements; (ii) will name us and our affiliates as an additional insured; (iii) contain a waiver of the insurance company's right of subrogation against us; (iv) contain the above-mentioned insurance coverage for each MOMS ON THE RUN Franchised Business that you operate; and (v) provide that we will receive thirty (30) days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to

maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with a copy of the certificate of insurance in compliance with these requirements at least one (1) week before you begin operating the Franchised Business. In addition, you will provide to us a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. Any contractors you hire must also comply with these requirements and issue an additional insured certificate to your LLC that you must keep on file.

#### 9.6. Records, Reports, and Financial Statements

During the term of this Agreement, you will, at your expense, maintain and retain for a minimum of three (3) years from the date of their preparation, complete and accurate books, records and accounts (using such methods of bookkeeping and accounting as we may require) relating to the Franchised Business (the “Records”), in the form and manner we direct in the Operations Manual or otherwise in writing. In addition, you must establish and maintain, at your expense, an accounting system that conforms to the requirements and formats that, from time to time, we prescribe.

You must complete and furnish to us (at our request), in the manner and format that we require: (1) within ninety (90) days after the close of your fiscal year a complete income statement; and (2) within thirty (30) days after they are filed, a copy of your income tax returns, sales tax returns and payroll tax returns. You also will provide to us copies of all Records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms we approve and signed and verified by you.

We reserve the right to require you to have audited financial statements prepared on an annual basis if you fail to comply with any provision of this Agreement. We may disclose data derived from these reports without specifically identifying you or your Franchised Business (unless we have your written consent to do so).

#### 9.7. Compliance with Laws

At your expense, you must secure and maintain in force all required licenses, permits, and certificates relating to the operation of your Franchised Business and shall operate your Franchised Business in full compliance with all applicable local, state and federal laws, rules and regulations. It is your sole responsibility to investigate the federal, state and local laws and regulations that may apply to your Franchised Business prior to signing the Franchise Agreement, as well as to stay apprised of any changes during the term of this Agreement. You will notify us in writing within five days of the commencement of any action, suit, or proceeding for the issuance of any order, writ, injunction, award or decree or any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of your Franchised Business.

### **10. INSPECTIONS AND AUDITS**

#### 10.1. Our Right to Inspect Your Franchised Business

To determine whether you are complying with this Agreement and all System Standards, we may at any time during business hours, inspect the Franchised Business. During such inspection, we may participate in quality checks of customers being serviced, review your books and records, review your promotional materials and media advertising, review your personnel files and practices, interview employees or contractors, and/or review any and all components of your Franchised Business. You will fully cooperate with us in any inspection of your Franchised Business, and we agree to use our best efforts to not interfere with its operation.

## 10.2. Our Right to Audit

We have the right at any time and without prior notice to you, to inspect and audit, or cause to be inspected and audited, any and all financial statements, reports, income tax records, sales tax records, payroll records, bank records, software databases, and other records relating to the operation of the Franchised Business. You must cooperate fully with our representatives, and independent accountants we hire, to conduct any inspection or audit. You must pay, within 30 days of receiving our invoice, all reasonable costs of the audit if the audit shows you have not complied with the System Standards or your material obligations under this Agreement.

## 11. TAXES AND ADVANCES

### 11.1. Taxes

You must pay all taxes as required by local, state, or federal laws regarding the products or services furnished or used in connection with the operation of your Franchised Business. You further agree to indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Franchised Business is located imposes, or may in the future impose, as a result of your operation of the Franchised Business or the license of any of our intangible property in the jurisdiction in which the Franchised Business is located. If applicable, this payment is in addition to the Monthly Fee payments described above.

### 11.2. Advances

You must promptly reimburse us for all amounts that we have paid, or have been obligated to pay, on your behalf for any unpaid tax liability.

## 12. TRANSFER

### 12.1. By Us

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

### 12.2. By You

You understand that we have granted the Franchise under this Agreement in reliance upon your individual or collective character, aptitude, attitude, business ability and financial capacity. You (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, the Franchised Business, substantially all or all of the assets of the Franchised Business, this Agreement or any “controlling interest” in you unless you obtain our prior written consent. A “controlling interest” includes a proposed transfer of fifty percent (50%) or more of the common (voting) stock of a corporate franchisee or of the ownership interest in a limited liability company or partnership). We will not unreasonably withhold our consent to an assignment, provided you comply with any or all of the following conditions which we may deem necessary:

1. All of your accrued monetary obligations to us and our affiliates have been satisfied, and you otherwise are in good standing under this Agreement;
2. The transferee-franchisee (or the managing Principal Owners, if applicable) is approved by us and demonstrates to our satisfaction that he/she meets our managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to conduct the franchised business. You understand we are not responsible for finding you a buyer for your business,

however if our assistance is desired and we provide to you a prospect you choose to sell to, we will collect an additional \$2,000 for the transfer fee. You understand that we may communicate directly with the transferee-franchisee during the transfer process to respond to inquiries, as well as to ensure that the transferee-franchisee meets our qualifications;

3. The transferee-franchisee enters into a written agreement, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations and covenants under this Agreement for the remainder of your term or, at our option, signs our then-current standard form of franchise agreement;

4. The transferee-franchisee successfully completes the initial training program required of new franchisees and, at our option, pays us our then-current training fee;

5. You pay us a Three Thousand Dollars (\$3,000) fee (“Transfer Fee”), or Five Thousand Dollars (\$5,000) if we find you a buyer;

6. You (and each Principal Owner, if applicable) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

7. We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

8. You (and each Principal Owner, if applicable) sign an agreement, in form satisfactory to us, in which you and each Principal Owner covenants to observe the post-termination covenant not to compete and all other applicable post-termination obligations.

### 12.3. Your Death or Disability

Upon your death or disability, your executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement to a third party within a reasonable amount of time, but not to exceed six (6) months. The transfer will be subject to all of the terms and conditions applicable to transfers that are contained in this Section.

In the event of your death or disability, and prior to a transfer of your interests in this Agreement, your spouse, child, parent or other immediate family member may, if such party otherwise would qualify as a transferee, operate your Franchised Business, provided that such person personally manages the Franchised Business with such person’s full and reasonable attention and successfully completes our Initial Training Program. For the purposes of this Agreement, disability is defined as a condition that materially impairs your ability to operate your Franchised Business in accordance with this Agreement.

### 12.4. Our Right of First Refusal

If you at any time determine to sell, assign, or transfer for consideration (does not apply to your death or disability) your interest in this Agreement, you agree to obtain a bona fide, executed written offer and earnest money (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offer and immediately submit to us a true and complete copy of the offer which includes details of the payment terms. To be a valid, bona fide offer, the proposed purchase price is to be denominated in a dollar amount and is not to exceed the reasonable fair market value of your Franchised Business as determined by us.

We have the right, exercisable by written notice delivered to you within thirty (30) days from the date of the delivery to us of both an exact copy of the offer and all other information we request, to purchase the interest for the price, less the Transfer Fee, for all the same terms and conditions contained in the offer provided that:

- (1) we may substitute cash for any form of payment proposed in the offer;
- (2) our credit will be deemed equal to the credit of any proposed purchaser;
- (3) we will have sixty (60) days, after giving notice of our election to purchase, to prepare for and complete closing;
- (4) we are entitled to receive, and you agree to make, all customary representations and warranties given to the proposed purchaser.

If we do not exercise our right of first refusal, you may complete the sale to the purchaser on the exact terms of the offer, subject to our approval of the transfer as provided in this Section. If the sale is not completed within sixty (60) days after the expiration of our right of first refusal, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of the sixty (60)- day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

### **13. TERMINATION OF AGREEMENT**

#### **13.1. By You**

You may terminate this Agreement if we violate any of our material obligations to you and fail to cure such violation within sixty (60) days after our receipt of written notice from you; provided, however, that you must be in substantial compliance with the Agreement at the time you give such notice of termination. Your written notice must identify the specific violation and describe the requirements to cure.

#### **13.2. By Us**

A. Termination of Franchise Agreement - Grounds. You will be in default, and we may, at our option, terminate this Agreement, as provided herein, if: (1) you (or the managing Principal Owner) fail to satisfactorily complete the initial training program or fail to open and commence operations of the Business at such time as provided in this Agreement; (2) you violate any material provision or obligation of this Agreement; (3) you or any of your managers, directors, officers or any Principal Owner make a material misrepresentation or omission in the application for the franchise; (4) you or any of your managers, directors, officers or any Principal Owner are convicted of, or plead guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Trademarks or the goodwill associated therewith, or if we have proof that you have committed such a felony, crime or offense; (5) you fail to comply with the material requirements of the System or the material standards of uniformity and quality for the products and services as described in the Operations Manual or as we have established in connection with the System; (6) you fail to timely pay the Monthly Fee or any other obligations or liabilities due and owing to us or our affiliates or suppliers approved by us as a source for required items or fail to timely pay any advertising cooperative obligations; (7) you are insolvent within the meaning of any applicable state or federal law; (8) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors; (9) you voluntarily or otherwise Abandon the Franchised Business; (10) you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name "Moms On The Run" or any of the Trademarks or the System; (11) you or a Principal Owner make an unauthorized assignment or transfer of this Agreement, the Franchised Business or an ownership interest in you; or (12) you develop or use an unapproved social media or website in connection with the Franchised Business or otherwise conduct any unauthorized activity on the Internet in violation of Section 4.5 above.

B. Procedure. Except as described below, you will have thirty (30) days, or such longer period as applicable law may require, after you receive from us a written Notice of Termination within which to remedy any default hereunder, and to provide evidence thereof to us. If you fail to correct the alleged default within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further notice to you effective immediately when the thirty (30) day period (or such longer period as applicable law may require) expires, and our current termination fee will be paid to us by you (as described in 13.1).

You will have ten (10), or such longer period as applicable law may require, after you receive from us a written Notice of Termination within which to remedy any monetary default under this Agreement or any other agreement between you and us or our affiliates. If you fail to correct the alleged monetary default within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further notice to you effective immediately when the ten (10) day period (or such longer period as applicable law may require) expires.

We may terminate this Agreement immediately upon delivery of written notice to you, with no opportunity to cure, and our current termination fee (see 13.1) will be paid to us by you, if the termination results from any of the following: (i) you fail to comply with one or more material requirements of this Agreement on three (3) separate occasions within any twelve (12) month period; (ii) the nature of your breach makes it not curable; (iii) you willfully and repeatedly deceive customers relative to the source, nature or quality of services provided; (iv) any default under items (3), (4), (7), (8), (9), (10), (11) or (12) in Section 13.2(A) above; or (v) you willfully and materially falsify any report, statement, or other written data furnished to us either during the franchise application process or after you are awarded a franchise.

C. Applicable Law. If the provisions of this Section 13.2 are inconsistent with applicable law, the applicable law will apply.

D. Non-compliance Fee. In addition to our right to terminate this Agreement, if you breach obligations under this Agreement and fail to cure the default within the applicable cure period provided above, you must pay us our then-current “Non-compliance Fee” per incident in order to offset our costs incurred to address the default.

## 14. POST-TERMINATION OBLIGATIONS

### 14.1. Confidential Information

Upon termination or expiration of this Agreement, regardless of the reason, you must immediately cease using any of our Confidential Information (including the Operations Manual) in any business or otherwise, and return to us all documents, including those documents in electronic format, that contain Confidential Information.

### 14.2. Marks

If this Agreement expires or is terminated for any reason you must immediately:

1. cease using and assign to us or, at our election, disconnect the telephone number for the Franchised Business. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Trademarks, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;

2. cease using and assign to us all email addresses, webpages, websites, Facebook and other social media platforms used by you in the operation of your Franchised Business;

3. at our option, destroy or return to us all signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of a Franchised Business or bear the name “Moms on the Run” or other Trademarks or any name or mark substantially similar to any Trademark;
4. take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Trademarks;
5. cease using, and turn over to us (without retaining a copy for yourself), all Customer Data; and
6. comply with all other applicable provisions of this Agreement, including all non-compete provisions.

Upon termination of this Franchise Agreement for any reason, your right to use the name “Moms on the Run” and the other Trademarks and the System will immediately terminate and you (and the Principal Owners) will not in any way associate yourself/themselves as being currently or formerly associated with us.

#### 14.3. Payment of Amounts Owed to Us

Within ten (10) days after termination or expiration of this Agreement, or at any later date that the amounts due to us are determined, pay all amounts due and owing to us or our affiliates, including all Monthly Fees and accrued interest due under this Agreement.

#### 14.4. Continuing Obligations

All of your obligations that expressly or by their nature survive the expiration or termination of this Agreement, will continue in full force and effect subsequent to and notwithstanding its expiration or termination, until they are satisfied in full or by their nature expire.

### **15. ENFORCEMENT**

#### 15.1. Severability

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination or non-renewal of this Agreement than is required, or the taking of some other action not required than the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

#### 15.2. Cumulative Rights of Parties

Your rights and our rights are cumulative. No exercise or enforcement by either of us of any right or remedy in this Agreement will preclude the exercise or enforcement by that party of any other right of remedy to which it is entitled by law or equity to enforce.

#### 15.3. Fees and Expenses

The nonprevailing party will pay all costs and expenses, including reasonable attorneys’ fees the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

#### 15.4. Nonwithholding Of Payment

You may not withhold payment of any amount due to us on the grounds of our alleged nonperformance or for any other reason.

#### 15.5. Mediation

Except as noted below, before any party may bring an action in court against the other, the parties must first provide the other with written notice of the dispute and must mediate the dispute. The mediation will be held in the metropolitan area in which our headquarters are located at the time of the mediation. Any such mediation shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. The mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association, unless the parties mutually agree on a mediator in writing within ten (10) days after either party gives written notice of the dispute. The mediation hearing will be held within twenty (20) days after the mediator has been appointed.

You recognize that your failure to comply with the terms of this Agreement could cause irreparable damage to us and/or to some or all other MOMS ON THE RUN businesses. Therefore, you acknowledge and agree that the foregoing mediation provision will not apply if you breach or threaten to breach any of the terms of this Agreement and, instead, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage.

#### 15.6. Jurisdiction

Subject to Section 15.5 of this Agreement, all actions arising under this Agreement, or otherwise, as a result of the relationship between you and us shall be commenced in the state or federal court of general jurisdiction closest to where our principal business address then is located, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction of or venue in such courts. Notwithstanding the foregoing, you agree that we may enforce this Agreement and any other orders in the courts of the state or states in which you are domiciled or your Franchised Business is located.

#### 15.7. Choice of Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 ET SEQ.) or Federal Law, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the state where our principal business address is located.

#### 15.8. Waiver of Punitive Damages

We and you waive, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

#### 15.9. Jury Waiver

All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

#### 15.10. Binding Effect

This Agreement is binding upon us and you and will inure to the benefit of the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest and may not be modified, except by a written agreement signed by you and us.

#### 15.11. Limitations of Claims

Except for claims arising from your non-payment or underpayment of amounts you owe us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship are forever barred unless a judicial proceeding is commenced within one (1) year of your discovery of the claim.

#### 15.12. Construction

If you consist of two (2) or more individuals, your obligation and liability to us will be joint and several. This Agreement may be executed in multiple copies, each of which will be deemed an original. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

The introduction and exhibits are a part of this Agreement which constitute our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement, except that you acknowledge that we justifiably have relied on your representations made before the execution of this Agreement. Except as otherwise provided in this Agreement, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

#### 15.13. Compliance with Other Laws

You must comply with all national, state, and local laws and regulations that apply. It is your responsibility to carefully and thoroughly investigate these laws, discuss them with your attorney and/or advisors, and ensure that you understand them.”

#### 15.14. Waivers

Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

#### 15.15. Notices and Payments

All communications are to be addressed to the party to be notified at its most current principal business address. Both you and we agree to immediately notify the other of any change in address. Any notice, report, payment, or other communication that is required to be delivered by the provisions of this Agreement, will be in writing and will be deemed to be delivered:

- (1) at the time of hand delivery;
- (2) one (1) business day after transmission by telecopy, facsimile, or other electronic system;
- (3) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; and/or

(4) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

#### 15.16. Interpretation of Rights and Obligations

The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Trademarks, improving product quality, improving uniformity, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

#### 15.17 Force Majeure.

If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

#### 15.18 Notice of Our Potential Profit.

We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Franchised Business on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights license to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

### **16. RELATIONSHIP OF THE PARTIES**

#### 16.1. Independent Contractors

We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Franchised Business under a franchise agreement from us, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require.

## 16.2. Indemnification

You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees and agents harmless against, and to reimburse them for, any loss, liability or damages arising out of or relating to your ownership or operation of the Franchised Business, and all reasonable costs of defending any claim brought against any of them or any action in which any of them is named as a party (including reasonable attorneys' fees) unless the loss, liability, damage or cost is solely due to our gross negligence.

The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

## 16.3. No Liability for Acts of Other Party

We do not assume any liability, and will not be deemed liable for any agreements, representations, or warranties made by you in the operation of the Franchised Business which are not expressly authorized under this Agreement, or for any damages to any person or property which directly or indirectly arise from or relate to the operation of your Franchised Business. Neither you nor we will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of franchisor and franchisee.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

FRANCHISOR/US:

Moms on the Run, LLC,  
A Minnesota Limited Liability Company

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

FRANCHISEE/YOU:

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are an individual owner,  
you must sign below; if a partnership,  
all partners must sign below)

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

(If you are a limited liability company)

\_\_\_\_\_  
Name of Limited Liability Company

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

**EXHIBIT A  
TO THE FRANCHISE AGREEMENT**

**DATA SHEET**

1. We and you agree that the Authorized Outdoor Location for the Franchised Business will be located at the following park, trail, reserve or other outdoor location: \_\_\_\_\_, with an address of: \_\_\_\_\_.
2. The "Protected Area" referred to in Section 2.2 of the Franchise Agreement will include a \_\_\_\_-mile driving distance radius surrounding the main entrance of the Authorized Outdoor Location.
3. The "Territory" referred to in Section 2.2 of the Franchise Agreement will be defined as follows: \_\_\_\_\_
4. Franchisee's Managing Owner is: \_\_\_\_\_

FRANCHISOR/US:

Moms On The Run, LLC,  
A Minnesota Limited Liability Company

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

FRANCHISEE/YOU:

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are an individual owner,  
you must sign below; if a partnership,  
all partners must sign below)

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

(If you are a limited liability company)

\_\_\_\_\_  
Name of Limited Liability Company

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

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

**EXHIBIT B  
TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

In consideration of the execution of that certain Franchise Agreement of even date (the "Agreement") by Moms On The Run, LLC (the "Company," "we" or "us"), each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that \_\_\_\_\_ (the "Franchisee" or "you") will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in Section 8 and the dispute resolution provisions contained in Sections 15.5 and 15.6 and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he/she may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

- (1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;
- (2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if you fail to do so;
- (3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;
- (4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;
- (5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and
- (6) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S) (PERCENTAGE OF OWNERSHIP)

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

## **EXHIBIT C**

### **OPERATIONS MANUAL TABLE OF CONTENTS**

Operations Manual Table of Contents: Total number of pages: 52

- I. Introduction
- II. Requirements for Instructors
- III. Technology
- IV. Programming and Pricing Decisions
- V. Class Participation Levels
- VI. Additional Program Elements
- VII. End of Season (Signature Training Program)
- VIII. Weather Policy
- IX. Instruction
- X. Getting Organized Before Classes Start
- XI. Bookkeeping
- XII. Shirts and Branded Merchandise
- XIII. Communication with Corporate
- XIV. Communication with Customers
- XV. Leadership
- XVI. Hiring Help
- XVII. Marketing
- XVIII. Charity
- XIX. Additional Income Opportunities
- XX. Growing Your Business

**EXHIBIT D**

**FINANCIAL STATEMENTS**

# MOMS ON THE RUN LLC

## Balance Sheet

As of December 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	\$11,273.00
Accounts Receivable	\$0.00
Other Current Assets	
1200 Undeposited Funds	0.00
1201 Accrued A/R	10,978.00
1300 Inventory Asset	31,856.00
1400 Prepaid Expenses	54,852.26
<b>Total Other Current Assets</b>	<b>\$97,686.26</b>
<b>Total Current Assets</b>	<b>\$108,959.26</b>
Fixed Assets	\$ -0.38
<b>TOTAL ASSETS</b>	<b>\$108,958.88</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	\$2,500.79
Other Current Liabilities	
1500 Accrued Payroll	0.00
2040 Accrued A/P	6,771.00
2050 Accrued Payroll (new)	10,111.00
2060 Accrued Interest	785.00
2061 Deferred Commissions	-500.00
2200 Deferred Revenue	159,839.61
2210 Deferred Franchise Fees	9,532.00
2500 Sales tax payable	0.00
2510 PPP Loan	0.00
2515 MW LOC - 0258	134,712.57
Fidelity LOC	3,000.00
<b>Total Other Current Liabilities</b>	<b>\$324,251.18</b>
<b>Total Current Liabilities</b>	<b>\$326,751.97</b>
<b>Total Liabilities</b>	<b>\$326,751.97</b>
Equity	
3000 Opening Balance Equity	2.97
3200 Retained Earnings	-137,122.47
3500 Owners Draw/Contribution	-14,053.86
Net Income	-66,619.73
<b>Total Equity</b>	<b>\$ -217,793.09</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$108,958.88</b>

# MOMS ON THE RUN LLC

## Profit and Loss

January - December 2024

	TOTAL
Income	
4000 Income	
4005 Franchise Income	82,567.69
4040 Services	70,754.96
4050 Uncategorized Income	2,500.00
<b>Total 4000 Income</b>	<b>155,822.65</b>
4001 Sales of Product Income	52,636.25
4075 Uncategorized Income	0.00
<b>Total Income</b>	<b>\$208,458.90</b>
Cost of Goods Sold	
5000 Product Inventory (COGS)	23,288.81
5000.03 Credit Card Processing Fees	3,740.74
<b>Total Cost of Goods Sold</b>	<b>\$27,029.55</b>
<b>GROSS PROFIT</b>	<b>\$181,429.35</b>
Expenses	\$248,049.27
<b>NET OPERATING INCOME</b>	<b>\$ -66,619.92</b>
Other Income	
7000 Interest Earned	0.19
<b>Total Other Income</b>	<b>\$0.19</b>
<b>NET OTHER INCOME</b>	<b>\$0.19</b>
<b>NET INCOME</b>	<b>\$ -66,619.73</b>

# **MOMS ON THE RUN, LLC**

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



# MOMS ON THE RUN, LLC

## Table of Contents

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



*Independent Auditor's Report*

To the Member  
Moms On The Run, LLC  
Columbus, Minnesota

***Opinion***

We have audited the accompanying financial statements of Moms On The Run, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of operations, member's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

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

***Basis for Opinion***

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

***Emphasis of Matter – Change in Estimate***

As discussed in Note 6 to the financial statements, the Company has elected to change its accounting estimate pertaining to the valuation of pre-opening obligations related to franchise sales under ASC 606 *Revenue from Contracts with Customers*. Management has determined that this change is necessary to more accurately match franchise fee revenues and expenses in accordance with generally accepted accounting principles (GAAP). The change in estimate has been accounted for prospectively from the beginning of the current reporting period, and as such, prior period financial statements have not been restated as a result of this change in estimate. Management has provided comprehensive disclosure in the notes to the financial statements regarding the nature of the change, its impact on the financial statements, and the reasons for the change.

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

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

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

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

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

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

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

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

***Restrictions on Use***

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

*Kezas & Dunlay*

St. George, Utah  
September 18, 2024

**MOMS ON THE RUN, LLC**  
**BALANCE SHEET**  
As of December 31, 2023

	<b>2023</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 5,376
Accounts receivable	10,978
Inventory	31,856
Prepaid expenses	40,905
Deferred commissions	500
Total current assets	89,615
Total assets	\$ 89,615
<b>Liabilities and Member's Deficit</b>	
Current liabilities	
Accounts payable	\$ 6,771
Credit card payable	18,859
Accrued expenses	10,896
Deferred revenue	84,773
Deferred franchise fees	4,950
Line of credit	118,486
Total current liabilities	244,735
Member's deficit	(155,120)
Total liabilities and member's deficit	\$ 89,615

The accompanying notes are an integral part of these financial statements

MOMS ON THE RUN, LLC  
STATEMENT OF OPERATIONS  
For the year ended December 31, 2023

	<b>2023</b>
Operating revenues	
Service fees	\$ 154,406
Royalty fees	108,529
Class revenue	46,316
Product sales	32,976
Franchise fees	32,295
Total operating revenues	374,522
Cost of goods sold	(42,924)
Gross profit	331,598
Operating expenses	
Salaries and wages	144,997
Contractor expenses	72,984
Event expenses	108,144
General and administrative	27,008
Advertising fees	25,904
Technology fees	11,744
Professional fees	6,365
Commission expenses	2,812
Total operating expenses	399,958
Operating loss	(68,360)
Other expense	
Interest expense	(7,382)
Total other expense	(7,382)
Net loss	\$ (75,742)

The accompanying notes are an integral part of these financial statements

MOMS ON THE RUN, LLC  
STATEMENT OF MEMBER'S DEFICIT  
For the year ended December 31, 2023

Balance at December 31, 2022	\$ (61,378)
Member distributions	(18,000)
Net loss	(75,742)
Balance at December 31, 2023	<u>\$ (155,120)</u>

The accompanying notes are an integral part of these financial statements

**MOMS ON THE RUN, LLC**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2023

	<b>2023</b>
Cash flows used in operating activities:	
Net loss	\$ (75,742)
Adjustments to reconcile net loss to net cash used by operating activities:	
Change in operating assets and liabilities:	
Accounts receivable	(6,028)
Inventory	2,488
Prepaid expenses	41,396
Deferred commissions	(500)
Accounts payable	(1,563)
Credit card payable	(12,039)
Accrued expenses	(5,785)
Deferred revenue	(43,767)
Deferred franchise fees	(9,750)
Net cash used by operating activities	(111,290)
Cash flows from financing activities:	
Proceeds from line of credit	118,486
Distributions to member	(18,000)
Net cash provided by financing activities	100,486
Net change in cash and cash equivalents	(10,804)
Cash and cash equivalents at beginning of period	16,180
Cash and cash equivalents at end of period	\$ 5,376
Supplemental disclosures of cash flow	
Cash paid for interest	\$ 6,598

The accompanying notes are an integral part of these financial statements

**MOMS ON THE RUN, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023

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

*(a) Nature of Business*

Moms On The Run, LLC (the "Company") was organized on January 18, 2011 in the State of Minnesota. The Company grants franchises to qualified persons to independently own and operate a group fitness and training business under the "Moms On The Run" mark. The franchise concept provides services such as group walking, running, training, fitness, and strength and toning classes.

The Company has one related party under common ownership, which previously operated a business similar to the offered franchise concept.

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

*(b) Accounting Standards Codification*

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

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2023, the Company had cash and cash equivalents of \$5,376.

*(e) Accounts Receivable*

Accounts receivable represents amounts due from franchisees for various fees. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. For the year ended December 31, 2023, management determined no allowance for doubtful accounts receivable was necessary. As of December 31, 2023, the Company had accounts receivable of \$10,978.

*(f) Revenue Recognition*

The Company's primary revenues consist of fees from franchise locations, service revenue, class revenue, and product sales. Revenues from franchisees consist of initial franchise fees, royalties, and other fees.

**MOMS ON THE RUN, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023

In 2020, the Company adopted ASC 606, *Revenue from Contracts with Customers*. The Company also elected to adopt the practical expedient outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluates all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, ongoing royalties, advertising fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties and advertising fees, which are recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise.

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

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

Prior to 2023, the Company allocated the franchise between the pre-opening services obligation and the franchise license (recognizing the amount allocated to the license over the life of the underlying agreement). Effective for the year ended December 31, 2023, the Company has determined that the fair value of pre-opening services exceeds the initial fees received (see Note 6); as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue when those pre-opening services have been completed (generally upon commencement of operations).

*(g) Income Taxes*

The entity is structured as a limited liability company (LLC) under the laws of the State of Minnesota. In 2013, the Company elected to be treated as an S-Corporation for federal and state income tax purposes. As a limited liability company with a S-Corporation election, the Company's income, deductions, and credits are passed through to its member and accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

**MOMS ON THE RUN, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, the 2022, 2021 and 2020 tax years were subject to examination.

*(h) Recently Issued Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, Leases, which creates ASC 842, Leases, and supersedes ASC 840, Leases. ASC 842 requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement, and presentation of expenses will depend on classification as a finance or operating lease. The new guidance will be effective for private companies with annual reporting periods beginning after December 15, 2021 and is to be applied retrospectively. The Company had no leases as of December 31, 2023.

*(i) Advertising Costs*

The Company expenses advertising and promotion costs as incurred. Advertising costs totaled \$25,904 during the year ended December 31, 2023.

*(j) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaids, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for the line of credit also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

*(k) Concentration of Risk*

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Inventory

Inventories is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. As of December 31, 2023, the Company's inventory consists of finished goods and promotional products available for sale.

(3) Deferred revenue

The Company's deferred revenue consists of franchise royalties, event fees, and other fees paid to the Company in advance. Deferred revenue (excluding deferred franchise fees) totaled \$84,773 as of December 31, 2024. All fees are expected to be earned within the following year and are therefore categorized as current.

**MOMS ON THE RUN, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023

(4) Deferred Franchise Revenue and Deferred Franchise Costs

The Company’s franchise agreements generally provide for a payment of initial fees as well as continuing royalties, technology fees, and marketing fees to the Company monthly. Under the franchise agreement, franchisees are granted the right to operate a location using the Company’s system for a period of 10 years. Under the Company’s revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following deferred contract costs and revenues as of December 31, 2023:

	2023	
Deferred costs, current	\$	500
Deferred franchise revenue, current	\$	4,950

(5) Line of Credit

The Company has a line of credit with maximum borrowings of \$150,000, which matures on October 5, 2024. The line bears interest at a variable rate based on the prime rate plus 1%, which totaled 9.5% as of December 31, 2023. The line is secured by assets of the Company and a personal guaranty of the Member. The balance on the line of credit as of December 31, 2023 was \$118,486. Accrued interest related to the line of credit as of December 31, 2023 was \$785.

(6) Emphasis of Matter – Change in Estimate

Prior to the year ended December 31, 2023, the Company’s revenue recognition policy under ASC 952-606, Franchisors—Revenue from Contracts with Customers was to allocate a portion of the initial franchise fee to certain pre-opening obligations, which is then recognized as revenue upon completion of those pre-opening obligations (generally upon opening of the related franchise location). The remainder of the fee was allocated to the franchise license and amortized over the life of the franchise agreement.

In 2023, management re-evaluated its estimate of the standalone selling prices or fair market values of its pre-opening obligation. As a result of this re-evaluation, the Company determined the fair value of pre-opening services exceeds the initial fees received; as such, effective in 2023, the entire initial fee is allocated to the pre-opening services, and recognized as revenue upon completion of those pre-opening obligations (generally upon opening of the underlying franchise location). Management has determined that this change is necessary to more accurately match franchise fee revenues and expenses in accordance with generally accepted accounting principles (GAAP). The change in estimate has been accounted for prospectively from the beginning of the current reporting period, and as such, prior period financial statements have not been restated as a result of this change in estimate. Accordingly, in 2023 the Company recognized as revenue the remaining deferred revenue for all franchises sold and opened prior to December 31, 2023. The net impact of this change was to recognize franchise fee revenue of \$32,295 in 2023.

(7) Commitments and Contingencies

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

**MOMS ON THE RUN, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023

(4) Deferred Franchise Revenue and Deferred Franchise Costs

The Company’s franchise agreements generally provide for a payment of initial fees as well as continuing royalties, technology fees, and marketing fees to the Company monthly. Under the franchise agreement, franchisees are granted the right to operate a location using the Company’s system for a period of 10 years. Under the Company’s revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following deferred contract costs and revenues as of December 31, 2023:

		2023
Deferred costs, current	\$	500
Deferred franchise revenue, current	\$	4,950

(5) Line of Credit

The Company has a line of credit with maximum borrowings of \$150,000, which matures on October 5, 2024. The line bears interest at a variable rate based on the prime rate plus 1%, which totaled 9.5% as of December 31, 2023. The line is secured by assets of the Company and a personal guaranty of the Member. The balance on the line of credit as of December 31, 2023 was \$118,486. Accrued interest related to the line of credit as of December 31, 2023 was \$785.

(6) Emphasis of Matter – Change in Estimate

Prior to the year ended December 31, 2023, the Company’s revenue recognition policy under ASC 952-606, Franchisors—Revenue from Contracts with Customers was to allocate a portion of the initial franchise fee to certain pre-opening obligations, which is then recognized as revenue upon completion of those pre-opening obligations (generally upon opening of the related franchise location). The remainder of the fee was allocated to the franchise license and amortized over the life of the franchise agreement.

In 2023, management re-evaluated its estimate of the standalone selling prices or fair market values of its pre-opening obligation. As a result of this re-evaluation, the Company determined the fair value of pre-opening services exceeds the initial fees received; as such, effective in 2023, the entire initial fee is allocated to the pre-opening services, and recognized as revenue upon completion of those pre-opening obligations (generally upon opening of the underlying franchise location). Management has determined that this change is necessary to more accurately match franchise fee revenues and expenses in accordance with generally accepted accounting principles (GAAP). The change in estimate has been accounted for prospectively from the beginning of the current reporting period, and as such, prior period financial statements have not been restated as a result of this change in estimate. Accordingly, in 2023 the Company recognized as revenue the remaining deferred revenue for all franchises sold and opened prior to December 31, 2023. The net impact of this change was to recognize franchise fee revenue of \$32,295 in 2023.

(7) Commitments and Contingencies

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

**MOMS ON THE RUN, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023

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.

(8) Subsequent Events

Management has reviewed and evaluated subsequent events through September 18, 2024, which is the date the financial statements were issued.



**MOMS ON THE RUN LLC**

**FINANCIAL STATEMENTS**

**December 31, 2022, 2021 & 2020**

**MOMS ON THE RUN, LLC**

**CONTENTS**

	<u>Pages</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Balance Sheets	3
Statements of Income and Member's (Deficit)	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 9
Supplementary Information	
Statements of Selling, General and Administrative Expenses	11

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Moms On The Run, LLC  
Forest Lake, Minnesota

**Opinion**

We have audited the accompanying financial statements of Moms On The Run, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets of Moms On The Run, LLC as of December 31, 2022, 2021 and 2020, and the statements of income and retained earnings and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Moms On The Run, 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 opinions.

**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 Moms On The Run, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

5151 Edina Industrial Blvd, STE 250, Edina, MN 55439

[www.jlm-cpa.com](http://www.jlm-cpa.com) + (952) 854-6262; (952) 854-6285 (fax)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Moms On The Run, 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 Moms On The Run, 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.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of selling, general and administrative expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Minneapolis, MN  
April 27, 2023

**MOMS ON THE RUN, LLC**  
**BALANCE SHEETS**  
December 31, 2022, 2021 and 2020

	2022	2021	Restated 2020
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 16,180	\$ 20,445	\$ 38,009
Accounts receivable	4,950	37,206	19,720
Inventory	34,344	29,516	30,503
Prepaid expenses	82,301	82,168	9,440
Total current assets	137,775	169,335	97,672
Property and equipment			
Equipment	1,183	1,183	1,183
Less: accumulated depreciation	(1,183)	(1,183)	(1,183)
Net property and equipment	-	-	-
Total assets	\$ 137,775	\$ 169,335	\$ 97,672
<b>LIABILITIES AND MEMBER'S EQUITY/(DEFICIT)</b>			
Current liabilities			
Accounts payable	\$ 8,334	\$ 1,444	\$ 2,743
Credit card payable	30,898	9,379	8,431
Accrued payroll and taxes	16,681	11,410	11,818
Paycheck protection program loan	-	-	37,800
Deferred revenue	131,240	116,864	11,947
Total current liabilities	187,153	139,097	72,739
Deferred revenue, net of current portion	12,000	18,000	20,500
Member's equity/(deficit)	(61,378)	12,238	4,433
Total liabilities and member's equity/(deficit)	\$ 137,775	\$ 169,335	\$ 97,672

See Accompanying Notes to Financial Statements

**MOMS ON THE RUN, LLC**

**STATEMENTS OF INCOME AND MEMBER'S EQUITY (DEFICIT)**  
For the years ended December 31, 2022, 2021 and 2020

	2022		2021		Restated 2020	
	Amount	%	Amount	%	Amount	%
<b>REVENUES</b>						
Class revenue	\$ 39,044	10.47%	\$ 42,631	15.50%	\$ 27,124	8.58%
Franchise fees	11,050	2.96	13,175	4.79	31,600	9.99
Royalty revenue	122,699	32.89	101,396	36.87	141,034	44.69
Product revenue	47,821	12.82	42,912	15.60	57,549	18.20
Services revenue	152,428	40.86	74,925	27.25	58,966	18.64
Total revenues	373,042	100.00	275,039	100.00	316,273	100.00
<b>COST OF SALES</b>	37,267	9.99	8,741	3.18	46,389	14.67
<b>GROSS PROFIT</b>	335,775	90.01	266,298	96.82	269,884	85.33
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	373,389	100.09	253,693	92.24	211,894	67.00
<b>INCOME FROM OPERATIONS</b>	(37,614)	-10.08	12,605	4.57	57,990	18.33
<b>OTHER INCOME AND EXPENSES</b>						
PPP forgiveness	-	-	61,200	22.25	-	-
Interest expense	(292)	(0.08)	-	-	-	-
State taxes	-	-	(6,000)	(2.18)	-	-
Total other income and expenses	(292)	(0.08)	55,200	20.07	-	-
<b>NET INCOME</b>	(37,906)	<u>-10.16%</u>	67,805	<u>24.64%</u>	57,990	<u>17.23%</u>
<b>MEMBER'S EQUITY/(DEFICIT) - beginning of year</b>	12,238		4,433		(21,485)	
<b>DISTRIBUTIONS</b>	(35,710)		(60,000)		(32,072)	
<b>MEMBER'S EQUITY/(DEFICIT) - end of year</b>	<u>\$ (61,378)</u>		<u>\$ 12,238</u>		<u>\$ 4,433</u>	

See Accompanying Notes to Financial Statements

**MOMS ON THE RUN, LLC**

**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>Restated 2020</u>
Cash flows from operations			
Net income	\$ (37,906)	\$ 67,805	\$ 57,990
Adjustment to reconcile net income to net cash flows from operating activities:			
Net change in assets and liabilities:			
Accounts receivable	32,256	(17,486)	(18,944)
Inventory	(4,828)	987	(6,199)
Prepaid expenses	(133)	(72,728)	(9,440)
Accounts payable	6,890	(1,299)	1,032
Credit card payable	21,519	948	1,168
Accrued payroll and taxes	5,271	(408)	4,512
Deferred revenue	8,376	102,417	(10,263)
Net cash flows from operating activities	<u>31,445</u>	<u>80,236</u>	<u>19,856</u>
Cash flows from financing activities:			
Proceeds from PPP loan	-	(37,800)	37,800
Distributions	(35,710)	(60,000)	(32,072)
Net cash flows from financing activities	<u>(35,710)</u>	<u>(97,800)</u>	<u>5,728</u>
Net change in cash and equivalents	(4,265)	(17,564)	25,584
Cash and cash equivalents - beginning of year	20,445	38,009	12,425
Cash and cash equivalents - end of year	<u>\$ 16,180</u>	<u>\$ 20,445</u>	<u>\$ 38,009</u>

See Accompanying Notes to Financial Statements

**MOMS ON THE RUN, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022, 2021 and 2020**

---

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Company** – Moms On The Run, LLC, (the Company), was organized on January 18, 2011. The Company focuses on training women to become runners.

**Basis of accounting** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America and the principles of fund accounting.

**Use of estimates** – The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations and credit risk** – The Company maintains cash balances in financial institutions. From time to time, the cash balances may exceed the federally insured limit. Management regularly reviews the credit worthiness of the financial institutions and has not experienced any losses.

**Cash and equivalents** – For purposes of the statement of cash flows, the Company considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

**Accounts receivable** – Accounts receivable are recorded at their estimated net realizable value. Accounts are considered past due if payment is not made on a timely basis in accordance with the Company's credit terms. Accounts considered uncollectible are written off. There was no allowance for bad debt at December 31, 2022, 2021 and 2020.

**Inventory** – Inventory is stated at the lower of cost (first-in, first-out method) or market and consist of promotional products to promote the Company.

**Property and equipment** – Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 3 years. The Company expenses all items purchased under \$2,500.

**MOMS ON THE RUN, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022, 2021 and 2020**

---

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**Deferred revenue** – Deferred revenue results from the Company collecting money from customers ahead of when the services are performed. The services to be performed relate to running training for customers and royalties.

**Franchise fees and revenue recognition** – Revenue from the sale of franchise rights for individual franchise businesses are recognized when the contract is signed. Direct costs associated with a specific franchise business are expensed when the related revenue is recognized. Revenues from continuing royalties are recognized monthly based on dues.

Initial franchises will be sold for \$6,000 to \$8,495, depending on the location, and collect a monthly royalty of \$195. There are a total of 48 active franchise locations at the end of 2022. The Company sold 2 franchises, 3 were reacquired by the franchisor, 2 were closed by the franchisees, 1 was closed by a franchisor and the franchisor operated 12 locations in 2022. There were a total of 49 active franchise locations at the end of 2021. The Company sold 1 franchises, 4 were reacquired by the franchisor, 2 were closed by a franchisee and the franchisor operated 10 locations in 2021. There were a total of 50 active franchise locations at the end of 2020. The Company sold 5 franchises, 2 were reacquired by the franchisor, 2 were closed by a franchisee and the franchisor operated 6 locations in 2020.

Class revenue is recognized by the Company in the year the services are performed or earned.

**ASC Topic 606, Revenue Recognition** – This ASU provides guidance for revenue earned from the sale of a franchise location. The core principle is that revenue from the initial sale of a franchise contract should recognize revenue over the term of the franchise agreement. The Company adopted the ASU in 2020 and retroactively restated its 2020 financial statements. The licensing fee for the franchisee's is \$1,000 and is amortized over the life of the contract which is ten years.

**MOMS ON THE RUN, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022, 2021 and 2020**

---

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**Fair value measurements** – The Company complies with Topic 820 of the Accounting Standards Codification. ASC Topic 820 defines fair value, establishes framework for measuring fair value and expands disclosure about fair value. Under ASC Topic 820, fair value is determined using assumptions that market participants would use to determine the price of the asset or liability as opposed to measurements determined based upon information specific to the entity holding those assets and liabilities. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. To determine those market participant assumptions, ASC Topic 820 establishes a hierarchy of inputs that the entity must consider including both independent market data and the entities' assumptions about the market participant assumptions. This hierarchy is as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Quoted prices in markets that are not active, as those quoted market prices included in level 1, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Unobservable inputs, used when there is little or no market activity, for the asset or liability at the measurement date. These inputs represent the entity's own assumptions about the assumptions that market participants would use to price the asset or liability.

The Company uses the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All of the financial instruments of the Company are considered level 1 in the fair value hierarchy.

**Tax status** – The Company is a Limited Liability Company and has elected S-Corporation status during 2013. Under this provision, the taxable income of the Company passes through to its member to be reported on their individual income tax return. Accordingly, the Company's financial statements do not reflect a provision for income taxes.

**MOMS ON THE RUN, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022, 2021 and 2020**

---

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability or asset if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken or expected to be taken that would require recognition of a liability, asset or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. Management believes it is not subject to income tax examinations for years prior to 2019.

**Advertising costs** – Advertising costs are expenses as incurred. Advertising costs for the years ended December 31, 2022, 2021 and 2020 were \$24,541, \$31,190 and \$24,655, respectively.

**Subsequent events** – Management evaluates events occurring subsequent to the date of the balance sheet in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 27, 2023 which is the date the financial statements were available to be issued.

2. LINE OF CREDIT

The Company has a line of credit with maximum borrowings of \$150,000 and matures on October 5, 2023. The line bears interest at the prime rate published by the Wall Street Journal, currently 7.25%. The line is secured by assets of the Company and a personal guaranty of the Member. There was no outstanding balance at December 31, 2022.

3. PPP LOAN

The Company obtained two PPP loans in the total amount of \$61,200, the loans were forgiven in April of 2021 recorded as other income.

4. RESTATEMENT

To record an employee retention credit receivable 2020 financial statements were restated, resulting in an increase in assets, equity and net income in the amount of \$8,810.

**EXHIBIT E**

**STATE ADDENDA**

## MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

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

### State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

### Item 5 and 7, Additional Disclosures:

The collection of the Initial Franchise Fee will be deferred until your unit is open for business.

### Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

### Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

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

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an

offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

The collection of the Initial Franchise Fee will be deferred until your unit is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

\_\_\_\_\_

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

Its:

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

FRANCHISEE:

\_\_\_\_\_

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

Its:

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

**EXHIBIT F****LIST OF CURRENT FRANCHISE UNITS AS OF DECEMBER 31, 2023**

<b>Franchisee Name</b>	<b>Franchise Location</b>	<b>Home Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Moms on the Run South Metro, LLC	Burnsville	18661 Verna Lane	Prior Lake	MN	55372	515-460-5651
Moms on the Run South Metro, LLC	Lakeville	18661 Verna Lane	Prior Lake	MN	55372	515-460-5651
Eden Prairie Moms on the Run LLC	Eden Prairie	8854 Sylvan Ridge	Eden Prairie	MN	55347	203-805-8781
Moms on the Run St. Paul LLC	Minneapolis Nokomis	1910 Princeton Ave	St. Paul	MN	55105	651-356-9110
Moms on the Run St. Croix Valley LLC	Stillwater	4335 Paris Ave.	Stillwater	MN	55082	651-300-4786
Moms on the Run St. Croix Valley LLC	Hudson	4335 Paris Ave.	Stillwater	MN	55082	651-300-4786
Moms on the Run St. Paul LLC	St. Paul - Como	1910 Princeton Ave	St. Paul	MN	55105	651-356-9110
Moms On The Run Waconia LLC	Waconia	8715 Reitz Lake Road	Waconia	MN	55387	612-816-0234
Moms on the Run Jacksonville LLC	Jacksonville, FL	10877 Cabbage Pond Ct.	Jacksonville	FL	32257	904-955-6273
Moms on the Run Jacksonville LLC	Jacksonville St Johns, FL	10877 Cabbage Pond Ct.	Jacksonville	FL	32257	904-955-6273
Moms on the Run Jacksonville LLC	Jacksonville Northside, FL	10877 Cabbage Pond Ct.	Jacksonville	FL	32257	904-955-6273
Moms on the Run Woodbury LLC	Woodbury Colby	3513 Sunbury Dr	Woodbury	MN	55125	651-503-3451
Stephanie VanHeel Fitness, LLC	Blaine	12288 Drake St NW	Coon Rapids	MN	55448	763-732-8101
Stephanie VanHeel Fitness, LLC	Coon Rapids - Bunker	12288 Drake St NW	Coon Rapids	MN	55448	763-732-8101
Stephanie VanHeel Fitness, LLC	Coon Rapids - Dam	12288 Drake St NW	Coon Rapids	MN	55448	763-732-8101
Stephanie VanHeel Fitness, LLC	Fridley	12288 Drake St NW	Coon Rapids	MN	55448	763-732-8101
Stephanie VanHeel Fitness, LLC	Lino Lakes	12288 Drake St NW	Coon Rapids	MN	55448	763-732-8101
Moms On The Run Hastings LLC	Hastings	1184 Vista Dr.	Hastings	MN	55033	(651) 829-7723
Moms on the Run St. Paul LLC	St. Paul - Highland	1910 Princeton Ave	St. Paul	MN	55105	651-356-9110
Moms on the Run Chanhassen LLC	Chanhassen	4464 Millstone Dr.	Chaska	MN	55318	612-209-4751
Moms on the Run Chanhassen LLC	Chaska	4464 Millstone Dr.	Chaska	MN	55318	612-209-4751
Moms on the Run Cottage Grove LLC	Cottage Grove	9035 Hidden Meadow Rd	Woodbury	MN	55125	206-755-7154
Moms on the Run Shakopee L.L.C.	Shakopee	710 Westchester Ave.	Shakopee	MN	55379	952-239-2820
Moms on the Run Pine City LLC	Pine City, MN	15602 Pokegama Lake Rd	Pine City	MN	55063	320-260-4447
Holly Springs Moms on the Run LLC	Holly Springs, GA	404 Royal Harmony Drive	Canton	GA	30115	720-252-9573

**LIST OF FRANCHISE UNITS REACQUIRED BY FRANCHISOR DURING 2023 AS OF DECEMBER 31, 2023**

<b>Franchisee Name</b>	<b>Franchise Location</b>	<b>Home Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Moms on the Run Eau Claire LLC	Eau Claire Phoenix	2611 3rd Street	Eau Claire	WI	54703	715- 497-6217
Moms on the Run Eau Claire LLC	Eau Claire RiverView	2611 3rd Street	Eau Claire	WI	54703	715- 497-6217
Moms On The Run New Brighton/St. Anthony Roseville LLC	New Brighton/St. Anthony	9491 Dunlap Ave N	Lexington	MN	55014	763-439-4102
Moms on the Run Shoreview LLC	Shoreview	514 Lake Ridge Dr	Shoreview	MN	55126	612-801-0442
Moms on the Run North Metro LLC	White Bear Lake	5478 270 <sup>th</sup> St	Wyoming	MN	55092	651-230-9273

**LIST OF COMPANY-OWNED UNITS FOR SALE AS OF DECEMBER 31, 2023**

Brooklyn Park	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667
Duluth	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667
Minneapolis Uptown	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667
Anoka	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667
Maple Grove	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667
Plymouth	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667
Denver	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667
Springfield	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667
Onalaska	Moms on the Run LLC 15226 W Freeway Dr.	Columbus	MN	55025	651-560-6667

**LIST OF TERMINATED FRANCHISE UNITS DURING 2023 AS OF DECEMBER 31, 2023**

<b>Franchisee Name</b>	<b>Franchise Location</b>	<b>Home Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Moms On The Run New Brighton/St. Anthony Roseville LLC	Roseville, MN	9491 Dunlap Ave N	Lexington	MN	55014	763-439-4102
Moms on the Run North Metro LLC	Forest Lake, MN	5478 270 <sup>th</sup> St	Wyoming	MN	55092	651-230-9273
Moms on the Run North Metro LLC	Chisago, MN	5478 270 <sup>th</sup> St	Wyoming	MN	55092	651-230-9273
Moms on the Run Chippewa Falls LLC	Chippewa Falls, WI	722 Miles St	Chippewa Falls	WI	54729	715-379-3432
Moms on the Run Woodbury LLC	Woodbury Pioneer	3513 Sunbury Dr	Woodbury	MN	55125	651-503-3451

**EXHIBIT G**

**FORM GENERAL RELEASE**

**RELEASE OF CLAIMS**

**THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.**

For and in consideration of the Agreements and covenants described below, Moms On The Run, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) enter into this Release of Claims (“Agreement”).

**RECITALS**

A. Franchisor and Franchisee entered into a MOMS ON THE RUN Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_.

B. [NOTE: Describe the circumstances relating to the release.]

**AGREEMENTS**

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release.** Franchisee hereby releases Franchisor, its officers, directors, shareholders, and agents, and their respective successors, assigns, heirs, and personal representatives, from all debts, representations, agreements, liabilities, actions, and causes of action of every kind and nature arising out of or relating to the Franchise Agreement between Franchisor and Franchisee, the offer and sale of that franchise and the franchise relationship between the parties.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of \_\_\_\_\_ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

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

**Moms On The Run, LLC**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

ITS: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

## STATE EFFECTIVE DATES

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

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

<b>State</b>	<b>Effective Date</b>
Minnesota	10/23/2023

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 H**

**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 Moms on the Run, LLC (“Moms on the Run”) offers you a franchise, Moms on the Run must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Moms on the Run or our affiliate in connection with the proposed franchise sale. Iowa, New York and Rhode Island require that Moms on the Run gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Moms on the Run gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Moms on the Run does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit A.

The franchisor is Moms on the Run, LLC located at 15226 West Freeway Drive, Columbus, Minnesota. Its telephone number is (651) 560-6667.

Issuance Date: September 20, 2024

The franchise sellers involved in offering and selling the franchise to you are: Karissa Johnson or Erin Rheault, Moms On The Run, LLC, 15226 West Freeway Drive, Columbus, Minnesota, (651) 560-6667 or are listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Moms on the Run authorizes the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I have received a disclosure document that included the following

- |  |  |
|--|--|
| Exhibit A – List of State Agencies and Agents for Service of Process | Exhibit E – State Addenda                  |
| Exhibit B – Franchise Agreement                                      | Exhibit F – List of Current Franchise Unit |
| Exhibit C – Operations Manual Table of Contents                      | Exhibit G – General Release                |
| Exhibit D – Financial Statements                                     | Exhibit H -- Receipts                      |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

## 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 Moms on the Run, LLC (“Moms on the Run”) offers you a franchise, Moms on the Run must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Moms on the Run or our affiliate in connection with the proposed franchise sale. Iowa, New York and Rhode Island require that Moms on the Run gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Moms on the Run gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Moms on the Run does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit A.

The franchisor is Moms on the Run, LLC located at 15226 West Freeway Drive, Columbus, Minnesota. Its telephone number is (651) 560-6667.

Issuance Date: September 20, 2024

The franchise sellers involved in offering and selling the franchise to you are: Karissa Johnson or Erin Rheault, Moms On The Run, LLC, 15226 West Freeway Drive, Columbus, Minnesota, (651) 560-6667 or are listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement: \_\_\_\_\_

Moms on the Run authorizes the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I have received a disclosure document that included the following

Exhibit A – List of State Agencies and Agents for Service of Process      Exhibit E – State Addenda

Exhibit B – Franchise Agreement      Exhibit F – List of Current Franchise Unit

Exhibit C – Operations Manual Table of Contents      Exhibit G – General Release

Exhibit D – Financial Statements      Exhibit H -- Receipts

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

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